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Daily Report
Central Eurasia

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CIS: ITAR-TASS Carries Press Review for 9 Aug

LD0908071196 Moscow ITAR-TASS in English 0629 GMT 9 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — Russian newspapers' front pages announce the ceremony of inaugurating Boris Yeltsin for the second term of presidency.

Invitees include heads of the CIS states, foreign ambassadors, leaders of the Russian government and Russian parliament members.

The KOMSOMOLSKAYA PRAVDA daily informs that the inauguration ceremony will begin when the chimes of the Spassakaya Tower strike 12.00.

Russian Central Election Commission Chairman Nikolay Ryabov will hand to Yeltsin the certificate of his being elected President.

Yeltsin will swear the presidential oath to Russia, as set by the Constitution.

After Yeltsin is sworn in, the chairman of the Federation Council upper parliamentary house, Yegor Stroyev, will decorate Yeltsin with the First Class Services to Fatherland Order.

Yeltsin will make a brief address.

Aleksiy II Patriarch of Moscow and All Russia will make a blessing speech.

Constitutional Court Chairman Vladimir Tumanov speaks of the inauguration in his interview with KOMSOMOLSKAYA PRAVDA.

"This is the first inauguration of President of free Russia. In 1991, there was only taking up the office by the leader of one of constituent republics of the USSR," Tumanov said.

He added that in his view "consequences of Boris Yeltsin's re-election for the presidential post are very positive — it (re-election) ensures the stability of the Constitution".

ROSSIYSKAYA GAZETA says:

"Boris Yeltsin will swear on the Constitution of the Russian state to serve faithfully and loyally to the country and its people. The words of the president's oath will bind Boris Nikolayevich and millions of the Russians who responded to his remarkable words: 'I believe. I hope. I love" and voted on the call of their hearts for the person, to whom they link the future of the great country."

The dramatic developments in Chechnya are in the spotlight of Russian newspapers.

Valeriy Yakov of IZVESTIYA cites a Chechen field commander, whom he had contacted by the cellular telephone.

"By the weekend most of fighters' units will return to sites of their previous location," the commander said.

"The planned operation has been practically completed and is thought successful since Dudayev's supporters have been able to demonstrate not only to Russia but also to the whole world who is really controlling the situation in Chechnya and in whose ranks there are more disorganisation and disunity," the rebel leader said.

ROSSIYSKAYA GAZETA in its column "Tragedy of the Week" reports the recent developments in Groznyy.

The reviewer concludes that life has shown once more that there are no military solutions to the Chechnya problem. How and who had negotiated so far kills prospects of the talks. Fresh ideas are needed, the analyst says.

Aslan Kasayev of NEZAVISIMAYA GAZETA says "the continuing fighting for Groznyy is multiplying victims and delaying the only possible way to the settlement — the resumption of the talks".

The military daily KRASNAYA ZVEZDA in its review "Orders: To Cross the Border" addresses Tajikistan's infighting. The armed Tajik opposition has thousands of guerrillas based in Afghanistan.

Whether they are poised to pressure official Dushanbe "diplomatically" or fight is analysed by the review.

The TRUD daily publishes the readership's multiple questions to Russian Interior Minister Anatoliy Kulikov about Chechnya, corruption, organised crime and the state traffic inspection.

The communist PRAVDA daily comes up with the transcript of Gennadiy Zyuganov's address to the plenum of the Communist Party of the Russian Federation.

Zyuganov said "the first positive lesson of the last elections is that only popular patriotic forces could shoulder the task of creating a powerful political coalition".

IZVESTIYA publish "A Summary of Environmental Contamination of the Russian Federation" issued by the Russian Hydrometeorological Committee.

The newspaper's comment reads "Air of Freedom Won't Replace Oxygen. To Breathe in Russia is More Difficult than on Mars".

Russia: Primakov Overview of Russia's Foreign Policy

MM0808154896 Moscow IZVESTIYA in Russian 9 Aug 96 p 3

[Report on interview with Russian Foreign Minister Yevgeniy Primakov by Stanislav Kondrashov in Moscow; date not given: "The Diplomatic Gospel According to Yevgeniy on the Eve of Boris' Second Accession to the Throne"]

[FBIS Translated Text] The day after Boris Yeltsin's assumption of the office of president for the second time, Foreign Minister Yevgeniy Primakov is leaving. On vacation. Two weeks in Sochi, and then it's back to the office with its old-fashioned Russian furniture on the seventh story of the Foreign Ministry skyscraper, and back to the diplomatic "perpetual motion," planned months in advance. September: the UN General Assembly session in New York; October: a tour of half a dozen states in the Near East; November: China, Japan, Mongolia.

Primakov, having arrived at the Foreign Ministry seven months ago, feels comfortable in the ministerial chair. During what is, for many Moscow departments, a nerve-racking time of replacements and appointments, I observed the calm demeanor of his aides and secretaries while I was waiting for my meeting with the minister, whose meeting with U.S. Ambassador Thomas Pickering had overrun.

Primakov does not encroach on other spheres of power, but he is firm about providing himself with sufficient powers to work in his own, which, after all, extends to the whole of the world outside Russia.

I asked him about his relations with the new Moscow "power" officials, with or without epaulets — Chubays, Lebed, Rodionov. He replied: "I am interested primarily in their understanding of the fact that the Foreign Ministry is the interdepartmental coordinator of Russia's foreign policy course. All three understand that. Most of all, Chubays, Lebed, and Rodionov want to strengthen the position of the Foreign Ministry as the country's main foreign policy organ. We cannot have several departmental foreign policies. There is just one policy — the state policy."

Primakov reported that, following the new Defense Council, a Foreign Policy Council is also being set up. The president, naturally, will be chairman, and in the president's absence the council is convened by the foreign minister.

Now that the election passions are behind us, it should be said that Yevgeniy Maksimovich did Boris Nikolayevich a considerable service. And so subtly that it went unnoticed — that is the mark of the diplomat who prefers to remain in the shadows.

The major diplomatic success on the domestic front consisted in the fact that foreign policy was kept out of the election contest. Primakov neutralized the opposition's national patriotic trump cards, because he used them himself, along with Yeltsin — by more actively and firmly upholding Russia's interests and autonomy. Meanwhile he made a point of remaining aloof from the election campaign. Primakov obviously remembers how counterproductive Kozyrev's fervent tirades against the "Red Brownshirts" proved to be. That kind of politico-propagandist esthetic is not in his nature.

However, he now refuses to accept congratulations, redirecting them to Yeltsin: "At the time of my appointment the president said that foreign policy must seek to be consensual. If this policy is fighting for the state's interests, society must have an interest in its being pursued in precisely this way and no other."

But all the same, where does the tactical game end and the longer-term strategy begin? Let us take the example that is in the forefront. Many people suppose that our hostility to NATO expansion will now become softer, since the electoral pressure in favor of this position has disappeared. The time for populism has passed, they say: You can stop paying miners' wages again and start making concessions to the West again. On the other hand, they believe that the American line on NATO will grow tougher, because "friend Bill," as November approaches, has to keep an eye on the Republican Robert Dole, so that the latter does not take over the White House and become "friend Bob" in the Kremlin.

"I don't think it is in our interests to drift into a 'Cold War' now, even on such a vital issue as NATO expansion," Primakov says. "But I don't agree that our position will become softer. It has never ruled out compromise, but it will not become softer, because NATO expansion is seen by us unequivocally as a minus. And let nobody try to convince us that NATO does not intend to attack us. We don't intend to attack the United States, either. But let us assume, purely hypothetically, that we were to conclude a military alliance with Mexico, Venezuela, and Cuba. Wouldn't that provoke a negative reaction in the United States?"

According to the minister's assessment, there has been progress in relations with the United States on many questions: on the comprehensive nuclear test ban treaty, on flank restrictions in the treaty on conventional armed forces in Europe, on ABM ("albeit only very slow progress").... On maintaining the peace process in the

Near East ("they are beginning to realize that we complement each other")....

"The main problem that divides us is if they insist that NATO expansion is predetermined."

At the same time Primakov does not agree that after our elections and before the American ones Washington's line will get tougher. Many factors, in his view, operate on the Americans, including the position of Europe, which does not blindly follow the American line.

In short, optimism — cautious and restrained. Restrained by realism. Referring to the approach of "certain Europeans" with whom he agrees in principle, the Russian foreign minister sets forth a "chain" of compromise: NATO evolution — dialogue with Russia on its relations with NATO — "and only after that to tackle the question of whether or not to expand."

As for dialogue, Moscow does not believe in mere words. Baker, Mitterrand, and others twisted it around their little fingers with verbal assurances to Gorbachev, in the context of the unification of Germany and the breakup of the Warsaw Pact, to the effect that NATO would not expand even by an inch. "Dialogue must be backed up, put on paper," Primakov now insists. "On many occasions they have told us one thing, and then the opposite has happened."

After the "Visegrad group," the Baltic states are applying (or rather, they suggest themselves!) as the second echelon to join NATO, and certain congressional-level nods in their direction are already being made across the ocean. Russia is not just categorically, but ultra-categorically opposed to this. But its minister is concerned lest this opposition, taken in isolation, "be interpreted as indirect consent on our part to other countries' joining."

Primakov made no secret of his total satisfaction with both the public and the confidential statements of his Kiev colleague Hennadiy Udovenko, who recently visited Moscow.

"His absolutely unequivocal remarks on Ukraine's lack of desire to join NATO put an end to all speculation. And there was speculation, because people in the U.S. Congress and State Department leaders have already mentioned Ukraine in the context of the second echelon of those wishing to join NATO. I can see no reason not to trust Udovenko's words."

The Ukraine question is "ultrasensitive." In broad terms, the discords and difficulties in Russian-Ukrainian relations reveal, in his view, traces of the political and psychological inertia of what was formerly a common and basically unitary state. A view based on this inertia is present in Russia too. And in Ukraine, nationalism feeds on "tilting at windmills" — at the unitary state that no longer exists.

"And these two currents clash, hampering the development of relations. We must proceed on the basis that Ukraine is a sovereign, independent state. We must strengthen relations with it, because the future of Ukraine and Russia lies in the plane of interaction and the closest cooperation. At the same time we should not look with suspicion on the fact that Ukraine has relations with other states."

I had requested an interview in order to talk about what Russia's foreign policy will be in Yeltsin's second presidential term. The minister could not speculate four years ahead, but the main answer for today was implicit: continuity, a continuing active quest to find our place in the world, self- assertion by a democratic state in the difficult process of formation. Since the beginning of the year Primakov has traveled, if not all round the world, at least a good half of it. The diplomatic gospel according to Yevgeniy is well known to those who have met with him: first — uphold Russia's national interests, even if it means disagreements with, say, the United States — but within the framework of partnership, without drifting into confrontation; second — the bipolar world of the two former rival superpowers and blocs must evolve not into a unipolar world under U.S. command, but into a multipolar world in which Russia has more room to maneuver to defend its national interests.

Recently in Jakarta, where the ASEAN countries were meeting, Russia was accepted as an equal participant in dialogue. Prior to this, the minister had been to Latin America. He knows the Near East not by hearsay, but from his original specialty as an Arabist. His general impression from his contacts with the "Third World":

"True, Russia is weakened. True, Russia cannot be compared with the Soviet Union, even in terms of military potential. True, Russia can no longer give these countries what many of them used to receive in full, without repaying their debts — it can't, because it does not have the power to do so, and it wouldn't, even if it had the power. But nonetheless, everywhere there is a sense of commitment to the view that Russia should be present as an active participant in events. That Russia should try to balance the negative trends that could arise from the striving for a unipolar world."

It is not only Russia that helps to balance this trend, but also Europe's participation, if you take the Near East, and the participation of China and Japan in the case of ASEAN.

"This is how the fabric of a multipolar world is woven."

...And then there is the prosaic side of life, the daily routine, the tears unseen by the world, for which the head of the Russian diplomatic department also finds optimistic words.

"The exodus of people from the Foreign Ministry has practically ended. I am not inclined to say that it all boils down to the fact that the work has become more interesting, that more effort can be put into defending the state. A certain improvement in the staffers' socioeconomic position is also having its effect — housing, the 50-percent subsidy on lunches in the restaurant. But that is not all. The commercial organizations that the Foreign Ministry people were joining are now very fragile and can give no guarantees for the future."

Russia: Primakov Thinks UN Must Approve Nuclear-Test Ban Treaty

LD0808124096 Moscow INTERFAX in English 1222 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Russia believes that the treaty on banning all nuclear tests must be submitted to the U.N. General Assembly so that it can be approved in the shape it is in now, Foreign Minister Yevgeniy Primakov told a news conference given in Moscow on Thursday after talks with his Uzbek counterpart Abdulaziz Kamilov.

The treaty must be submitted to the U.N. General Assembly without continuing negotiations on it, Primakov said.

According to him, the treaty will have to go into effect when all the nuclear powers (Interfax's note: Russia, the United States, Britain, France and China) and the three threshold countries: India, Pakistan and Israel ratify it.

Moscow decided to support the present draft treaty even though "it fails to suit Russia in many respects," Primakov said.

This material appears in more detail in today's edition of Interfax's Diplomatic Panorama.

Russia: Posuvalyuk, U.S. Aide Agree To 'Reactivate' Mideast Peace

MM0808133996 London AL-HAYAH in Arabic 8 Aug 96 p 5

[Report by Yuriy Tisovskiy in Moscow: "Russian-U.S. Consultations Aimed at Moving the Peace Process Forward"]

[FBIS Translated Excerpt] Assessing the outcome of his consultations held in Moscow the day before yesterday with U.S. Assistant Secretary of State Robert Pelletreau on the Middle East peace process, Russian Deputy Foreign Minister Viktor Posuvalyuk said yesterday morning that the consultations were held in an atmosphere of openness and mutual understanding. In a statement to AL-HAYAH he stressed that both sides were keen to boost the effectiveness of their sponsorship of the peace process in the region and urged all the sides involved to increase their efforts on all tracks.

Posuvalyuk said that the talks between Russian officials and Pelletreau, who is currently visiting Moscow, focused mostly on the new aspects of the political situation in the Middle East caused by the formation of the new right-wing Israeli Government led by Likud bloc leader Binyamin Netanyahu, with special emphasis on the possibility of achieving an Arab-Israeli settlement.

He added: "We stressed the importance of resuming active negotiations on all tracks of the peace process, because a long pause would be fraught with the risk of renewed acts of violence and extremism. Both the Arabs and Israel must adhere to the agreed arrangements ratified by Russia and the United States, in addition to the sides of the conflict. Of course, we also stressed the need to avoid creating additional difficulties on the road to peace."

Posuvalyuk has agreed with Pelletreau to adopt some measures intended to boost the joint sponsorship of the peace process. He said: "We have agreed that new measures are needed to reactivate it. There will be increased consultations between the two sides in the future. We have agreed on a timetable for future meetings. We must revive the multilateral talks in order to discuss joint problems, [find] ways of overcoming the difficulties, and put current ideas into practice." [passage omitted]

Russia: Chernomyrdin Receives Belarus President

LD0808173896 Moscow ITAR-TASS World Service in Russian 1623 GMT 8 Aug 96

[By ITAR-TASS correspondent Lyudmila Perkina]

[FBIS Translated Text] Moscow, 8 Aug — The state of, and prospects for, the development of the Commonwealth between Russia and Belarus was discussed today at a meeting between Russian Prime Minister Viktor Chernomyrdin and Belarusian President Alyaksandr Lukashenka, the ITAR-TASS correspondent learned from Viktor Konnov, the Russian prime minister's press secretary.

The Belarusian president has come to Moscow to take part in the official ceremony to mark the inauguration of Boris Yeltsin, the reelected head of state.

Russia: Aliyev: Russia To Open Border With Azerbaijan

LD0808195496 Moscow INTERFAX in English 1828 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Russian Prime Minister Viktor Chernomyrdin has made a decision to open the Russian-Azerbaijani border, Azerbaijani President Heydar Aliyev told journalists in Moscow on Thursday following a meeting with Moscow Mayor Yuriy Luzhkov. The flow of goods across the border dramatically slowed down when hostilities broke out in Chechnya.

Aliyev, who arrived in Moscow to attend the inauguration of Russian President Boris Yeltsin, called for close cooperation between Azerbaijan and Russia in combating crime. "We must fight criminals rather than ethnic groups," he said.

Aliyev described the Azerbaijani-Russian cooperation as "comprehensive."

It is to discuss this issue that he met with Aleksandr Lebed, secretary of the Russian Security Council, and Nikolay Kovalev, director of the Federal Security Service, Thursday, Aliyev said.

He did not say whether the extradition to Azerbaijan of its former president, Ayaz Mutalibov, who has been staying in Moscow for years, was discussed at the meetings.

An official who attended the meeting with Luzhkov told Interfax that this issue had not been raised.

Baku charges Mutalibov with organizing mass riots and trying to seize power. He is also accused of complicity and inaction during the invasion of Baku by Soviet troops in January 1990 when, by official accounts, over 130 people were killed, 700 wounded and 40 went missing. The present government of Azerbaijan thinks that Mutalibov is largely to blame for the surrender of Azerbaijani lands in the Nagorno-Karabakh war zone to Armenian troops in the spring of 1992.

Mutalibov was detained in Moscow twice, in May 1995 and in April 1996, but released both times by the Prosecutor General's Office which did not see sufficient grounds for his extradition to Azerbaijan. He told Interfax last May that he would seek the status of political refugee in Moscow and sent a request to this effect to Yeltsin.

Russia: Russia, Uzbekistan Coordinate Efforts in Tajik Settlement

LD0808130996 Moscow INTERFAX in English 1240 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Russian Foreign Minister Yevgeniy Primakov told a news conference in Moscow Thursday that he had agreed with his Uzbek counterpart, Abdulaziz Kamilov, on coordination of the two countries' efforts in the Tajik settlement.

Primakov also stressed the need for more intensive settlement efforts by all sides involved. He underlined he was referring to the hardline Tajik opposition who are continuing armed confrontation in defiance of the recent Ashgabat peace deal.

Primakov said his appeal also concerned the Tajik leadership which "still has potential for flexibility in its approach to the settlement."

Moscow is interested in settlement in Tajikistan and the prevention of any destabilizing influence from Afghanistan, "where reliable stabilization is still out of the question," from spreading all over Central Asia, he said.

Before Kamilov's visit to Moscow, Russian President Boris Yeltsin and his Uzbek counterpart, Islam Karimov, had exchanged letters, expressing "willingness for joint action and coordination of their policies to stabilize the situation in Tajikistan."

Moscow supports the official Tajik authorities and popularly elected President Emomali Rakhmanov and does not view favorably the attempts to change the constitutional system in Tajikistan by force, Primakov said.

Kamilov shared this opinion, saying his country had a government and a legitimate president who would choose the ways and methods for achieving peace and stability there.

Russia: Russia To Join UN Police Component in Haiti

MM0808121996 Moscow KRASNAYA ZVEZDA in Russian 8 Aug 96 p 3

[Report by Mikhail Pogorelyy: "Russians Will Keep the Peace in Haiti Too"]

[FBIS Translated Excerpt] According to reports the editorial office has received from the UN information center, a Russian contingent will participate in the peacekeeping mission of the Commonwealth of Nations in Haiti. Admittedly, this time not in the international military contingent but as part of the mission's police component.

The previous day, having listened to Secretary General Butrus Butrus-Ghali's report, the UN Security Council agreed with the proposal to send 600 servicemen and 300 civilian policemen to Haiti through 30 November 1997. Their tasks include not only the maintenance of stability but also professional training of the local army and police. [passage omitted]

Military subunits from Bangladesh, Canada, Pakistan, and Trinidad and Tobago will participate in the present UN mission in addition to Russia, while Algeria, Djibouti, India, Canada, Mali, Togo, and France will send their policemen to Haiti.

Russia: Peacekeeping Force in Abkhazia Increased to 3,000

LD0808122996 Moscow ITAR-TASS in English 1140 GMT 8 Aug 96

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, August 8 (Itar-Tass) — The Russian Federation Council, or the upper house of parliament, today approved the enlargement of Russia's peace-keeping force in Abkhazia by January 31, 1997.

The enlargement of the Russian contingent of the CIS collective peace-keeping force to 3,000 was moved by President Boris Yeltsin.

Deputy Foreign Minister Boris Pastukhov said, answering questions of the parliament, that Russia's peace-keeping mission cost the budget 59 billion rubles in years from 1994.

Russia: Firing in Groznyy Impedes Search for Kidnapped Foreigners

LD0808174796 Moscow ITAR-TASS in English 1737 GMT 8 Aug 96

[By Igor Schegolev]

[FBIS Transcribed Text] PARIS, August 8 (Itar-Tass) — Due to the ceaseless firing in the Chechen capital Groznyy the international humanitarian organisation "Action Against Hunger" is deprived of the possibility to continue the search for the two of its members who were kidnapped in late July. This was stated in a communique of this non-government organisation released here today.

The aggravation of the situation in Chechnya makes stronger the anxiety of the "Action Against Hunger" organisation for the fates of Frenchman Frederic Malardeau and Britisher Michael Penrose from whom there is no news in Paris as yet.

Nonetheless, the communique says, the leadership of the organisation has been making great efforts to achieve their liberation.

Malardeau, 35, and Penrose, 24, were kidnapped on July 27 by six armed unknown persons who stopped their car which was moving to the "Action Against Hunger" headquarters located in Groznyy.

Russia: Entrepreneurs Picket Chinese Consulate in Khabarovsk

LD0808113196 Moscow ITAR-TASS in English 1035 GMT 8 Aug 96

[FBIS Transcribed Text] KHABAROVSK, August 8 (Itar-Tass) — Representatives of Khabarovsk's entrepreneur establishments, as well as public picketed the Chinese Consulate-General today.

Residents of Irkutsk also joined them. This action was organized as a protest against illegal activities of the Chinese authorities, who are holding Aleksandr Silchenko, manager of the firm "Invest Delo" and Vasiliy Chalikova of the financial-industrial company "Finprom" of Irkutsk for five months now.

These two Russian businessmen had arrived in China at the invitation from the firm "Baiyun" and were declared hostages. They have been charged of not clearing debts owed by other Russian firms, with which the Irkutsk business executives have nothing to do. All efforts to seek the release of the illegally held Irkutsk residents by the Chinese have bore no results yet.

Representatives of the Union of Industrialists and entrepreneurs of the Irkutsk region, who arrived in Khabarovsk today, once again tried to draw public attention towards the unenviable fate of their fellow-residents and make Chinese diplomats to immediately release the hostages.

Political Issues

Russia: President Yeltsin Takes Oath of Office 9 Aug

LD0908091596 Moscow Russian Television Network in Russian 0805 GMT 9 Aug 96

[Swearing of the oath of allegiance to the Russian Constitution and the Russian people by Boris Nikolayevich Yeltsin in the Kremlin Palace of Congresses on 9 August — live]

[FBIS Translated Text] [Russian Constitutional Court Chairman Tumanov] Boris Nikolayevich will now swear the oath, the oath of allegiance to the Constitution and the country's people. Boris Nikolayevich, here is the text of the Constitution. You know that the oath is in Article 82 of the Constitution. You must say its text and as soon as you give the oath you take the office of president of the Russian Federation.

[Yeltsin, speaking with his right hand on the Constitution] I swear, that in exercising the powers of the president of the Russian Federation, I shall respect and protect the rights and freedoms of the individual and the citizen, observe and protect the Constitution of the Russian Federation, protect the sovereignty and independence, the security and integrity of the state, and I shall faithfully serve the people. [applause]

Russia: Yeltsin Vows To Act 'Resolutely,' 'Firmly'

LD0908113996 Moscow ITAR-TASS in English 1127 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — "By the will of the people I will continue the cause which I began five years ago," Russian President Boris Yeltsin declared at the official reception which followed the inauguration ceremony in the Kremlin today.

"On the 3rd of July, the Russian people made their choice," the Russian President said in a statement the text of which was circulated by the presidential press service today.

"The people's support gives me the right to act resolutely and firmly," Yeltsin said. "I will exercise this lofty right in the interests of all Russian people," the President stressed.

"We have one country and for its sake we must pool our efforts. Then Russia will rise to its full height," President Yeltsin declared.

"We want and will secure prosperity and order in every city, in every village so that every Russian home is made prosperous, the power will serve the people, and everyone can say with pride about oneself: I am a citizen of Russia," Boris Yeltsin said.

Russia: Electoral Commission Chairman Gives Address at Inauguration

LD0908100096 Moscow Russian Television Network in Russian 0800 GMT 9 Aug 96

[Address by Nikolay Ryabov, chairman of the Central Electoral Commission, at the inauguration ceremony for Russian President Boris Yeltsin at the Kremlin's Palace of Congresses — live]

[FBIS Translated Text] Esteemed Boris Nikolayevich, esteemed participants of the festive ceremony, and esteemed citizens of Russia! On this festive day the Central Electoral Commission declares that in accordance with the will of the people of Russia, Boris Nikolayevich Yeltsin has been elected president of the Russian Federation for a second term. [applause in hall]

It was a truly nationwide vote in which 94 million people took part. The voters took a responsible decision in casting their votes for Boris Nikolayevich Yeltsin in conditions of free and democratic elections. The elections reaffirmed the traditions of democratic continuity of state power based on the will of Russia's citizens.

Esteemed Boris Nikolayevich, please accept from the Central Electoral Commission and from a million of our colleagues in the component parts of the Russian Federation our sincere and warm congratulations in connection with electing you to the highest post in our state. We wish you success in your work for the sake of our fatherland's prosperity and for the sake of the people of Russia. Let me present you with a certificate on electing you the president of Russia. [applause]

Russia: Details of Yeltsin's Inauguration Ceremony Reported

LD0908090296 Moscow ITAR-TASS in English 0855 GMT 9 aug 96

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — His wife Naina and two daughters looking intently at him from the first row of seats in the immense formal hall, Boris Yeltsin, elected for a second term of office as Russian President on July 3, was sworn in today in the inauguration ceremony inside the State Kremlin Palace.

On both sides of his family, the heads of state of CIS member-countries were intensely solemn as Yeltsin stepped up to the stand in the middle of the vast stage where he stood flanked by top-ranking officials and the head of the Russian Orthodox Church against the background of a light-blue backcloth with the huge double-headed eagle in the middle.

Right hand on the Constitution of the Russian Federation Yeltsin spoke the words of the oath of office as laid down in the Fundamental Law of his country: "I swear, in exercising my authorities as President of the Russian Federation, to respect and protect human and civil rights and freedoms, to observe and protect the Constitution of the Russian Federation, to protect the sovereignty and independence, security and integrity of the state, earnestly to serve the people."

The official regalia of the state and presidential power had been brought in by the guards clad in uniforms reminiscent of those worn in pre-revolutionary Russia to the sound of military march as the huge bowl-shaped auditorium fell suspensefully quiet awaiting Yeltsin's appearance.

The high-ranking officials, including the Constitutional Court chairman, the Prime Minister, the speakers of the two houses of parliament, and the head of the Russian Orthodox church, lined on the platform and stood almost at attention as Yeltsin entered to the sound of the Kremlin chimes playing a new tune, followed by a powerful roar of the presidential orchestra.

Chairman of the Central Electoral Commission Nikolai Ryabov read out a brief statement on the election of the President of the Russian Federation by the free and fair popular vote and handed to Yeltsin the leather-bound certificate of office.

Constitutional Court Chairman Vladimir Tumanov then told the President-elect to take the oath of office.

Right hand on the Constitution, Yeltsin said, "I swear, in exercising my authorities as president of the Russian Federation, to respect and protect human and civil rights and freedoms, to observe and protect the constitution of the Russian Federation, to protect the sovereignty and independence, security and integrity of the state, serve the people in good faith."

Patriarch Aleksiy of Moscow and all Russia, the only person who spoke at some length during the ceremony, addressed the President, recalling the glorious pages of Russian history and asking him to bear in mind Russia's great past, present and future in exercising his authorities as President.

The Patriarch invoked the Lord's assistance to Yeltsin and promised to pray for him together with the clergy of other Russian religions.

An artillery salvo was fired thereafter, to the ring of the bells and the "Glory to Russia" music.

The ceremony in the hall of the State Kremlin Palace, where Yeltsin was first sworn in as Russian President five years ago, was followed by a grand reception in the same building.

Other festive events of the inauguration day will follow in the evening when a state dinner will be given by the President in one of the Kremlin palaces.

Prior to that, Boris Yeltsin is expected to dispatch a message to the State Duma lower house of parliament formally naming his candidate for the post of the country's Prime Minister. The State Duma will meet on Saturday to confirm or reject Yeltsin's nominee.

Russia: Constitutional Court Chief Approves of 'Modest' Inauguration

MM0808181096 Moscow ROSSIYSKIYE VESTI in Russian 9 Aug 96 p 1

[Interview with Vladimir Tumanov, chairman of the Russian Federation Constitutional Court, by Dmitriy Orlov on 8 August; place not given: "An Oath on the Text of the Constitution Will Be Sworn by Boris Yeltsin Today as He Takes Office as Russian Federation President"]

[FBIS Translated Excerpt] Vladimir Tumanov, chairman of the Russian Federation Constitutional Court, is actively involved in the presidential inauguration procedure. He spoke about the meaning and significance of this event in an interview for ROSSIYSKIYE VESTI the day before.

[Orlov] What could be the consequences of Boris Nikolayevich Yeltsin's reelection to the post of president, from the viewpoint of Russia's constitutional system?

[Tumanov] I think the consequences of Boris Nikolayevich Yeltsin's reelection to the post of president are highly positive — it ensures the Constitution's stability. That is something I consider extremely important for Russia's development in the immediate future. [passage omitted]

[Orlov] Vladimir Aleksandrovich, could it be considered that the inauguration symbolizes the end of the split that developed in society during the election campaign?

[Tumanov] I do not consider it possible to talk about a split in society or a serious confrontation within it. The elections were a confrontation between political forces, but not between people or sections of society. Also, the margin by which Boris Nikolayevich Yeltsin won — 13 percent — hardly suggests a split.

It is no use dividing the country into "Whites" and "Reds," there should be an end to all this. [passage omitted]

[Orlov] Do you approve of the latest proposals of the inauguration commission, approved by the president, for making the ceremony more modest?

[Tumanov] Yes, I approve. Of course there is no need for an ode, especially since the Russian Anthem will be heard at the ceremony. [passage omitted]

Russia: Inauguration Seen Marred by Fighting in Chechnya

MK0908112596 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 p 1

[Report by Alan Kasayev: "Chechnya: The Opposing Sides Have Driven Each Other Into a Corner. The Continuing Fighting for Groznyy Multiplies Losses and Staves Off the Sole Possible Way Toward a Settlement: the Resumption of Negotiations"]

[FBIS Translated Text] The Russian man on the street has once again been utterly bewildered, seeing yet another unprecedented escalation of hostilities in Chechnya. For the past three weeks TV has led him to believe that Russian troops are successfully conducting special operations in mountain areas against the irreconcilable separatist fighters, destroying their main bases. Furthermore, the military maintained that this time around the foundation for continued resistance will be finally destroyed.

This notwithstanding, the separatists' armed formations have shown once again that, even after special operations by the federal forces, they can effectively conduct any action on the republic's territory. The ongoing fighting in Groznyy and in a number of other areas, including the large — by local standards — cities of Gudermes and Argun, were undoubtedly designed to show the entire world the separatists' ability to resist and at the same time the inability of the Russian Army to suppress the separatist fighters. It needs to be said that both aims have in effect been achieved; moreover, the inauguration of the Russian president elect will proceed against the backdrop of major tactical success stories by the Chechen fighters. Considering the special attention to the implementation of the president's election pledges on the part of Russian citizens who are not quite loyal toward the figure of Boris Yeltsin (and they number no less than 30 million) and the political parties and movements representing them, the inauguration amid an unsuccessful war will hardly be perceived as an effective political action.

Even so, the actions of both the separatists and the federal center obviously confirm the validity of the thesis that has been made since May by both sides; that is, the absence of an alternative to peace negotiations. If the actions of the Russian troops in the south of Chechnya are regarded as "peace enforcement" (and this is precisely what some ranking Moscow leaders have said) then it will have to be admitted that the effect has been quite the opposite. Now, in their turn, the Yandarbiyevites are saying that their actions are of a retaliatory character and are even aimed at forcing the Russian side to resume the negotiations.

A military-political deadlock has emerged, the path toward it being heavily strewn with the bodies of both Russians and Chechens, including civilians, combatants, and federal army servicemen.

Russia: Ailing Yeltsin To Face Public Scrutiny During Inauguration

MK0808121696 Moscow OBSHCHAYA GAZETA in Russian 8-14 Aug 96 No. 31, (signed to press 7 Aug 1996) p 1

[Report by Yelena Vadimova, Anatoliy Yegorov, and Aleksey Klimenkov: "The Inauguree To Be Stared at, All Eyes"]

[FBIS Translated Excerpt] [passage omitted]

The organizers of the solemn festivities have a more important problem to attend to; namely, the form in which the president-elect himself will participate in the ceremony. It is a lack of solutions to this important question, not climatic woes or the negligence of Kremlin personnel, that has disorganized the ceremonial preparations. With two days to go before the festivities, there is no guarantee that they will not be canceled or moved to Barvikha and held there in the most low-key atmosphere. The uncertainty is attributable to a circumstance that few people fail to guess, but which is inappropriate to discuss in public in Russia.

In the West, where the health of a head of state is not considered his private problem, this subject is, on the contrary, widely discussed and reported. For instance, America's TIME magazine asserts: "His (Yeltsin's — OBSHCHAYA GAZETA) frequent disappearances have strengthened the feeling that the country has already entered the post-Yeltsin era with a weakened president, who — like Soviet-era leaders Leonid Brezhnev and Konstantin Chernenko — is in power in name only." "Given Mr. Yeltsin's poor health, the choice of the one who will become the prime minister is more than an ordinary choice," Britain's THE ECONOMIST remarks.

U.S. President Bill Clinton, who recently talked with his Russian counterpart on the phone, said that he did not even ask Mr. Yeltsin about his health — so cheerful was the voice of his Kremlin interlocutor. The Americans do not rely on their president's impressions with regard to such a serious matter. In the CIA, there is a special department tasked with watching the health of political leaders in key states of the world. Naturally, the Russian president is among those being scrutinized. According to NEWSWEEK magazine, a simple interception of telephone conversations between Boris Yeltsin's aides during the election campaign enabled the U.S. intelligence service to predict the Russian leader's latest health crisis. Newspaper photos also assist employees of this department in their difficult job. In the mid-1980's precise analysis of newspaper photographs suggested to U.S. specialists that the Chinese leader had gone through a minor heart attack. Experts point out that due to the large number of Boris Yeltsin's illnesses, it is difficult to diagnose him at a distance. But this shortcoming is made up for by information obtained through other channels. The American diagnosis is as follows: Yeltsin will require heart surgery in the very near future.

Given these circumstances, the national celebration of "enthronement" risks being transformed into an unpleasant procedure of scrutinizing the president-elect to establish his physical state. Kremlin staffers are naturally aware of that; hence their anxiety.

Russia: ITAR-TASS Carries Biography of President Yeltsin

LD0908110596 Moscow ITAR-TASS in English 1101 GMT 9 Aug 96

["Boris Yeltsin — A Peasant's Son Turned President of Russia" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — Boris Yeltsin, elected to a second term of office as Russian President on July 3 and sworn in in an inauguration ceremony inside the State Kremlin Palace on Friday, August 9 was born into a peasant's family in the village of Butka, Talitsa district of the Sverdlovsk region on 1st February 1931.

He graduated as building engineer from the Urals Politechnical Institute in the city of Sverdlovsk (now Yekaterinburg) in 1955 and subsequently worked as a foreman, work superintendent and chief engineer for a number of construction enterprises in Sverdlovsk before coming to head the Sverdlovsk housebuilding complex.

Yeltsin joined the Communist party of the Soviet Union (CPSU) in 1961 and resigned in 1990 at the party's last, 28th Congress. While a CPSU member, Yeltsin worked from 1968 to 1987 as a party functionary, starting as head of the construction department and rising to Secretary and later First Secretary of the Sverdlovsk regional committee of the CPSU, Secretary of the CPSU Central Committee, First Secretary of the Moscow city committee of the CPSU.

From 1989-1990 he was First Deputy Chairman (Minister) of the USSR State Committee for construction and architecture. In 1990 and 1991, he was Chairman of the Supreme Soviet (parliament) of the Russian Soviet Federative Socialist Federation (RSFSR).

In June 1991 Yeltsin was for the first time in Russian history elected President of the Russian Federation by a nation-wide ballot.

On 3 July 1996, Yeltsin was elected to a second term of office.

Boris Yeltsin married Naina Girina (Yeltsina) on September 28, 1956. They have two daughters Yelena and Tatiana, and four grandchildren.

Boris Yeltsin likes sports. As a young man, he played volleyball and took part in the top league competitions as a member of the Sverdlovsk city team. His main hobby in later years was tennis. He likes hunting, reading and listening to music.

His election programme entitled "Russia: man, family, society, state" set out the basic principles of his rule for the next four years. He pledged to combat poverty and ensure the growth of well-being of Russian citizens on the basis of economic growth, protect the family, motherhood and childhood, develop culture, education and science, and combat crime and corruption.

He said he needs another four years to complete the basic reforms which began in preceding years and take Russia onto a trajectory of stable and dynamic development.

Russia: Yeltsin Asks Duma To Confirm Chernomyrdin as Premier

LD0908093596 Moscow ITAR-TASS in English 0926 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — Boris Yeltsin today proposed Viktor Chernomyrdin as his candidate for the post of the Prime Minister of the country's new government and asked the State Duma lower house of parliament to confirm his appointment to the post.

The proposal was formulated in an official message to the lower house delivered to its chairman Gennadiy Seleznev, the press service of the head of state told Itar-Tass.

The State Duma is expected to meet on Saturday to confirm or reject Yeltsin's nominee before retiring for the summer recess.

Russia: Yeltsin Accepts Current Government's Resignation

LD0908094396 Moscow INTERFAX in English 0936 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 9 (Interfax) — Russian President Boris Yeltsin issued a decree on relieving the current government of its powers on Friday, the presidential press service told Interfax. He simultaneously proposed current Prime Minister Viktor Chernomyrdin to the Duma for a new term.

Yeltsin accepted the current government's resignation under articles 116 and 117, part 5 of the Russian Constitution, the press service said.

He also instructed the government to act as such until a new one is formed.

Russia: Chernomyrdin Favors Tougher Steps Against Chechen Rebels

LD0808175196 Moscow INTERFAX in English 1739 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Russian Prime Minister Viktor Chernomyrdin favors the toughest measures against "terrorists and criminals" in Chechnya, Viktor Konnov, Chernomyrdin's spokesman, quoted him as saying at a meeting with members of the Popular Rule Duma faction Thursday.

At the same time Chernomyrdin spoke against a resumption of "full-scale combat operations in Chechnya," said Konnov.

The separatists' military leader "will be held responsible for what [the rebels] have done over the past few days, but not through full-scale combat operations," Konnov quoted Chernomyrdin as saying.

During the meeting with the deputies, Chernomyrdin expressed doubt that the present rebel leaders are capable of finding a political solution to the conflict and said that Moscow should look for other partners among the Chechen opposition to hold peace talks with, said Konnov.

At the same time he said Chernomyrdin warned against a repetition of "the Afghan pattern" in Chechnya.

Russia: Members of Chechnya Commission Return to Moscow

LD0808183696 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1814 GMT 8 Aug 96

[FBIS Translated Text] "Members of the state commission arrived today in Moscow to meet Prime Minister Viktor Chernomyrdin," Vyacheslav Mikhaylov, Russian nationalities minister and head of the Commission on Finding a Settlement in Chechnya, said in an interview for Ekho Moskvy radio station.

V. Mikhaylov said that the members of the commission will give the prime minister their assessment of the situation both in Groznyy and in Chechnya in general, and will also make proposals on stabilizing the situation in the republic.

Russia: Lack of 'Political Decision' on Chechnya Criticized

MM0808175596 Moscow KRASNAYA ZVEZDA in Russian 9 Aug 96 p 1

[Report by Vladimir Petrov: "The Gunmen Choose War. But Have We Made a Clear Choice? Bloody Fighting Continues in Groznyy"]

[FBIS Translated Excerpt] [passage omitted] What happened [the assault on Groznyy] had been brewing very obviously for the past two months. A change in tactics by the armed opposition was only to be expected once it had been made clear to the separatists' leader Yandarbiyev that any provocation would meet with an appropriate response and that general approaches to tackling the Chechen crisis are being chosen accordingly.... The gunmen once again demonstrated their potential for resistance and freedom to maneuver. This action is addressed more to the inhabitants of the republic themselves than to the federal troops. Judging by the meager reports from Groznyy the gunmen — as happened during the March raid — are deliberately firing on civilians. By force of arms, with unparalleled cruelty, they are impressing on their fellow countrymen that "whoever is not with us is against us." This operation can also be considered an exhaustive response by the opposition to the offer from Doku Zavgayev, head of the Chechen Republic, to take up places in the government that is being formed, that is, to go over to peaceful cooperation. Yandarbiyev's answer is unequivocal: With Zavgayev, there can only be war.

Basically, the participants in the talks process are currently, so to speak, continuing the exchange of arguments, but in an unusual way. One can go on indefinitely putting up with fruitless talks and waiting for the sides to see reason, but not if Russian soldiers are paying for all this with their lives. On NTV channels and in certain Russian newspapers the homegrown "strategists" were quick to identify the culprits — the military, of course. They slept through the bandits' invasion. They don't know how to fight. They are slow to help each other. The same old ravings, time after time.... But let the military do its job! Provide them with everything they need to carry out proper army operations to destroy the bandit formations, which, incidentally, are acquiring increasingly distinctly the features of a well trained, organized, and armed regular army. And the main point is that since the time of the memorable events in Tbilisi and Baku the leadership of the country (Russia for a long time now, not the USSR) has been in no hurry to take personal responsibility for the actions (or enforced inaction) of the Army. There is no clear political decision, there is not even the will to make such a decision, but there are endless debates on the possibility and desirability of a peace settlement. And meanwhile day after day our soldiers and officers are killed by Chechen bullets, civilians are killed, women, children. And from this whole tragedy certain politicians and journalists draw one and the same conclusion time after time: The military themselves, they say, are to blame for everything, they are the ones who are mainly responsible for everything happening in Chechnya....

In practice, the task of forcing the gunmen out of Groznyy is of course feasible. And it will be done. But nobody has a right to forget that fulfilling an order sometimes costs a lot of bloodshed. And hasty evaluations of the Army's actions by those who are accustomed to seeing events through the gunmen's eyes and hearing their voices will obviously go on making their views known from the TV screens and the pages of the press. If there is a demand for "objective information" of this kind, there will be a supply.

One last thing. We have already had Groznyy in January and Groznyy in March, now we are experiencing Groznyy in August.... I am leaving that sentence unfinished because a continuation is possible, as are large-scale operations by the gunmen anywhere on Chechnya's territory. Until such time as a clear political decision is made. But today we are looking on as the federal troops try to conform to the devious motto, not of their own invention: "Neither war nor peace." And the gunmen are acting without a backward glance, they have already made their choice between war and peace. A long time ago, in fact.

Russia: Ryzhkov Quotes Premier: New Cabinet To Have 25 Ministers

LD0808185296 Moscow INTERFAX in English 1835 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — The number of ministers in the Cabinet will be reduced to 25, and only 60 of the current 89 agencies will be preserved in the new Russian government, Nikolay Ryzhkov, head of the Popular Rule Duma faction, quoted Russian Prime Minister Viktor Chernomyrdin as saying.

Nine members of the faction met with Chernomyrdin on Thursday.

The prime minister "acknowledged the need to pass from a purely monetarist economic policy toward more government regulation and a very serious restructuring," Ryzhkov told Interfax. According to him, Chernomyrdin said the new cabinet will be divided into five sectors: financial and economic, social (rated second by significance), industrial (to be overseen by two deputy prime ministers, including one first deputy prime minister), agroindustrial and regional.

Speaking about the situation in Chechnya, Chernomyrdin said "the latest developments in [the Chechen capital of] Groznyy require a prosecutor's investigation," said Ryzhkov.

He said the Popular Rule faction will decide on its attitude to Chernomyrdin's candidacy for the post of prime minister after he speaks before the Duma on August 10.

Russia: Yeltsin's Press Secretary To Report to New Appointee

LD0908101096 Moscow ITAR-TASS in English 0953 GMT 9 Aug 96

[By Nadezhda Anisimova]

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — The new deputy head of the Russian president's administration, Sergey Yastrzhembskiy, will be put in charge of contacts with media.

The presidential decree on his appointment is to be issued soon, a Kremlin source told Itar-Tass today.

The source said Boris Yeltsin's press secretary Sergey Medvedev would continue his functions with direct accountability to Yastrzhembskiy.

Yastrzhembskiy, who is Russia's ambassador to Slovakia, has a background as a spokesman as he earlier worked in the Russian Foreign Ministry's press and information department.

He came to Moscow on August 5 and since then has had several contacts with presidential chief of staff Anatoliy Chubays.

A Bratislava-based Itar-Tass correspondent said Yastrzhembskiy was expected to return to Bratislava on August 10.

However, insiders in the Russian embassy to Slovakia said tickets had been booked for the final return of Yastrzhembskiy and his family to Moscow.

Russia: Ambassador Said in Line To Become Yeltsin's New Spokesman

MK0808130896 Moscow OBSHCHAYA GAZETA in Russian 8-14 Aug 96 No. 31, (signed to press 7 Aug 1996) p 1

[Report by Yelena Dikun: "Sergey Konstantinovich To Be Replaced by Sergey Vladimirovich"]

[FBIS Translated Text] According to confidential reports OBSHCHAYA GAZETA has received from the Kremlin, Sergey Medvedev, presidential press secretary, will shortly be relieved of his duties. His successor is already known; it is Sergey Yastrzhembskiy, currently the Extraordinary and Plenipotentiary Ambassador of the Russian Federation to the Slovak Republic.

This is an unexpected replacement. Nothing seemed to indicate that he [Medvedev] has found himself on shaky ground; he has not made any serious lapses in his work, nor has he acquired any serious enemies. An employee of the presidential press service, to whom your OBSHCHAYA GAZETA correspondent turned for comment, would neither confirm nor deny the rumor of Medvedev's resignation. "It is not certain yet that Medvedev will be removed, but nothing can be ruled out in our life. Indeed, there has recently been petty scheming under way over the post of press secretary. Some people see only the outward side of the coin, thinking it to be a prestigious job, but failing to realize how much nitty-gritty work one has to carry out here." When asked whether this should be interpreted as an indication that Sergey Konstantinovich no longer suits Boris Nikolayevich, our informant said: "I would not put it this way. Simply, there is a certain logic of appointments. Anatoliy Chubays is charting a new structure of the presidential staff and is picking 'his own' people for it."

According to our information, the replacement of one Sergey by another is essentially a foregone conclusion; all that remains to be done is to affix the august signature to a prepared paper. A week ago Anatoliy Chubays summoned Sergey Yastrzhembskiy to Moscow by urgent dispatch and asked him at a private meeting to become the president's press secretary, assuring him that Boris Nikolayevich is in the know. Yastrzhembskiy was recommended to Chubays by his deputy, Yuriy Yarov. Some time ago the former deputy prime minister was a cochairman of the intergovernmental commission of the Russian Federation and Slovakia on trade, economic, and scientific-technical cooperation and repeatedly traveled to Bratislava, where he had the opportunity to strike up a close acquaintanceship with the Russian ambassador.

After his conversation with Chubays, Sergey Yastrzhembskiy also visited a number of high offices and last Thursday he paid a call on Barvikha to see his future employer.

Upon his return to Bratislava, Yastrzhembskiy informed embassy personnel that he would shortly leave for Moscow. This did not come as a surprise to his colleagues. Back in the spring, Foreign Minister Yevgeniy Primakov, while in Bratislava, invited Yastrzhembskiy to become his deputy. But fate decided otherwise. According to embassy personnel, Yastrzhembskiy was philosophical about the prospect for working at the Kremlin, remarking: "You can't get away from that."

On 5 August, Sergey Vladimirovich was once again summoned by Chubays to Moscow to participate in the inauguration ceremony and to take a closer look at his new work place. It is planned that he will start fulfilling his duties in September.

The work record of the future presidential press secretary is impeccable. Those who are closely acquainted with 43-year-old Yastrzhembskiy call him "a lucky one." A graduate of the Moscow State International Affairs Institute, after completing his graduate studies at the International Labor Movement Institute of the USSR Academy of Sciences, he worked at the Social Sciences Academy, specializing in Western social democracy. In 1989 he came to the international department of the CPSU Central Committee with the idea of renewing the party. Afterward he worked as the chief editor of the VIP international magazine, from which he moved to the building on Smolenskaya Square as the Foreign Ministry's spokesman with the official title of Information and Press Department director.

As for the future employment of Sergey Medvedev, nothing has been decided yet. One thing is certain, however — he is not expected to be moved to diplomatic service.

Russia: Stroyev Urges Flexible Land Ownership Options

MM0808161396 Moscow KOMSOMOLSKAYA PRAVDA "Business Tuesday" in Russian 6 Aug 96 p 1

[Interview with Yegor Stroyev, Federation Council speaker [and former Orel Oblast Administration head], by Yevgeniy Anisimov; place and date not given: "Yegor Stroyev: 'The Land Without Peasants Is a Desert.' Tomorrow the Federation Council Will Examine the Law 'On State Regulation of the Agro-Industrial Complex'"]

[FBIS Translated Text] [Anisimov] Yegor Semenovich, what is your attitude to private ownership of productive, arable land?

[Stroyev] The land without people is a desert, an uninhabitable expanse. And when people argue about whether we have a lot of land or not much the first necessity is to look at how much inhabited land there is and who lives on it. We must realize that the biggest asset left to us by our predecessors is a living space greater than any country in the world, and the only thing that enables us to withstand all political and economic cataclysms is that the peasant, who provides us with the foundation of life, lives on, works, and clings to this land.

We now come to the controversial question which has arisen today: Is private ownership necessary or not? And if it is, to what extent? I answer unequivocally and have long said that private ownership of the land is necessary. Necessary.

Private ownership of both arable land and homestead vegetable gardens is also necessary. The right of the peasant to dispose of and sell this property — that is, permission to pass on land, shares in land, property — is also necessary.

But since the times of Roman law there has been no right of absolute private ownership, and such a right cannot exist; it changes its coloring and facets in different ways in different situations.

Sometimes a categorical assertion of an outspoken private-ownership position can lead to bloodshed. Denial of ownership has also led to bloody consequences.

The peasant has been half-abandoned, if not abandoned, on the margins of reform. He is indignant not because he has not been given land to hold in private ownership, he is indignant that he produces output but nobody needs it.

I have just traveled around eight rayons and met with people at village markets. A peasant comes up and says to me: Give me 4,000 rubles a kilogram for my meat, beef. I ask him: What price will they give you for it. At 3,000 they'll buy; at 4,000 they won't.

As if nobody needs this, although it's several times cheaper [than in the stores]. The same is true of milk.

This is one contradiction which has arisen today. You could brush it aside and say that the argument is about private ownership. Is private ownership alone the driving force of progress? Life has proved that it is not. Can only the private farm save our production today? The private farmers that I set up "modeled" on the German and Swedish versions with complete mechanization and in line with the most modern designs have shown that they still cannot withstand the competition on their own.

But can the collective farm continue to exist in the form in which has lived hitherto? I state categorically: "It cannot." And the pride with which leaders talk and describe how they are life-long protectors and fathers of the labor collective is in fact a weakness of the collective farm, not something to be proud of. Everything comes down to a leader who spends 10-15 percent of his time on production and devotes all his remaining energies to other questions inappropriate to him.

[Anisimov] Given that this form of farm is not necessary, what kind is? And what form of ownership is necessary?

[Stroyev] I decided to streamline all forms. I created eight-12 possible agrarian, agrarian-and-financial, and agrarian-and-industrial entities and gave them the opportunity to work.

Naturally the question arose of what the underlying foundation should be — ownership, private farm, collective farm, or something else. And which would be the dominant form? I came firmly to the conclusion that ownership should be the foundation.

[Anisimov] Why?

[Stroyev] On any collective farm today there is a minimum of 500 people living and even working, while the average for Russia as a whole is 800. But only 40-50 machine operators and 30-40 stockmen — around 100 people, that is — do any real work. All the rest have long been riding on the backs of those doing the work.

And these entrenched ties were the ones which had to be broken. How was this to be done? We said: Since we all live together on this land let us share everything out equally so everyone gets seven hectares. We divided it up on paper and then asked those who would cultivate their seven hectares to raise their hands. The machine operators and three, four, or five ordinary collective farm members raised their hands. And the rest?

Maybe these machine operators — the 50 people who actually work — would get together, take their seven hectares, and say: We will choose our own leaders. But now let's look at who we should recruit as allies. We need a midwife, let's take her seven hectares.... You just lease us your land and don't ask for anything else. We are the ones with the right to vote, the right to dispose of property, the right of responsibility, the right to sell the product wherever and however we like.

And suddenly, when we had laid this foundation, we immediately became aware that, first, a whole raft of unnecessary people had been jettisoned along with, second, the unnecessary problems which they had imposed, and, third, hangers-on unnecessary to the collective farm. A team which immediately started earning itself regular wages separated out from the rest.

These people stopped cutting production and started increasing it, and the herd stopped shrinking and started growing. These people immediately started looking for scientific and technical progress, asking for better seed, asking for equipment. And the main contradiction about what kind of farm it should be — big or small, smallholding or private farmer — was immediately eliminated.

All the best farmers started joining forces. Separate property, separate everything, but at sowing time or harvest time they join forces to work together. It is impossible and indeed unnecessary for every farmer to buy a combine or a tractor. They bought themselves three combines and three tractors, which was enough for 12 farms, and that was how they made progresses.

Together with ownership it is also necessary to give responsibility. And the question which immediately arises then is: Are you capable of handling responsibility? Unless you can, the labor collective will put in place the kind of person who can stay the course. And since he has stayed and decided to put all his property where his mouth is he does not reduce either the size of the herd or the area sown to crops but starts trying to find ways to sell at a better price. He looks for a structure.

We then come and propose the creation of a market structure which, on the one hand, is obliged to help the peasant with fuel, spares, fertilizer, plant protection agents, and so forth. And, on the other, will take his output and sell it at a better price.

Farm reform must be expedited, with a high-speed transition to new market relations. And new people who understand this must come in. Listen to our Aleksandr Nikolayevich Dragaytsev, who is into his fourth year of operation now and has tripled the volume of grain production during this period; who is building up production of livestock products; who is perpetually short of manpower; who used always to be surrounded by drunks but now does not have a single one. When people started showing up unemployed he opened new workshops; he sells his output and no longer has any questions. And when people say to him: "you have given away arable land into private ownership, but will it work or not?" he laughs, works, says what he thinks, and gets back to work. But private ownership must not be taken to absurd lengths. For example, we currently have millions of hectares of unsown land in central Russia. We could find room for 1 million people in every oblast and give them land to own, help them set themselves up, and give them equipment for free, if only they would come.

But let us now look and see whether this question can be resolved in, say, Dagestan, where there are tiny plots of land, a mere 12 or even seven hundredths of a hectare per person. And they have big families — eight, 10, 12 children apiece. These plots have been shared out among the present generation, and in two generations a mass of new people will have been born.... And shifts immediately take place in the field of private ownership such that the boundaries of private property become covered in bloods. So should everybody be forced to do things only in the way that central Russia can? Of course not.

So there is no absolute interpretation of private ownership. While acknowledging the need for private ownership, we must delegate this concept to the level of regional authorities.

And we have come up against a problem when, while accepting ownership strategically, as it were, we have to look at this phenomenon from the viewpoint of agrarian reform. The prime component of this problem is to keep on this land people who know this land — that is, the peasants.

This includes the enshrining in law and legislation of rules governing the interrelationship between society and the peasant, between the state and the peasant. And when we put all of this into place we will get agrarian reform. The land is central here, of course, but the actual peasant is even more central. If we take this as our philosophical approach and if we also add to this the fact that the peasantry is the bulwark of the state we will reach the conclusion that central Russia is the most fertile and richest territory, the backbone territory of the state — not the red belt, as people wish to make out.

We formulated the program "Central Russia on the Threshold of the 21st Century" and published it in four volumes. We held several international conferences. We submitted the program to the government. But while they look at it, it's like our program isn't ours any more. But we are talking about 48 million hectares of Chernozem arable land and tens of millions of hectares of Russia which they won't allow to be plowed or sown; neither the people, nor the peasants, nor the economy — these enormous resources and potential — should be put through torment and anguish....

Russia: Edict, Statute on Security Council Apparatus Published

MM0908105496 Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 96 p 4

[Russian Federation Presidential Edict No. 1128, "On Approving the Statute on the Russian Federation Security Council Apparatus," signed by President B. Yeltsin on 1 August 1996; followed by text of statute — from the 'Documents' section]

[FBIS Translated Text] In accordance with the Russian Federation Law "On Security" and Russian Federation Presidential Edict No. 1024 of 10 July 1996 "Questions Relating to the Russian Federation Security Council," I decree:

1. The attached Statute on the Russian Federation Security Council Apparatus is to be approved.

2. The prescribed 25 percent increment on salary grade for special working conditions is to be retained for Russian Federation Security Council Apparatus personnel.

3. The Russian Federation Security Council Apparatus is to keep the office premises occupied by it with their equipment, communications systems, and computer, copying, and other equipment.

4. The following are to be deemed null and void:

points 2-9 of Russian Federation Presidential Edict No. 547 of 3 June 1992 "On the Formation of the Russian Federation Security Council (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 24, p 1323);

paragraphs 2 through 7 of point 1; points 5 and 6; paragraph 2 where it relates to the question of funding and material and technical backup for the activity of the Russian Federation Security Council Interdepartmental Commission for Combating Crime and Corruption; paragraph 4 of point 9; and points 10 and 11 of Russian Federation Presidential Edict No. 1189 of 8 October 1992 "On Measures To Protect Citizens' Rights, Protect Law and Order, and Intensify the Fight Against Crime" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 42, p 2373);

points 3 and 4 of Russian Federation Presidential Edict No. 1148 of 27 July 1993 "Questions Relating to the Russian Federation Security Council Apparatus";

Russian Federation Presidential Edict No. 1663 of 9 August 1994 "On the Russian Federation Security Council Apparatus";

point 1 of Russian Federation Presidential Edict No. 600 of 19 June 1995 "On the Russian Federation Security Council Situation Center" where it relates to increasing the numerical strength of the Russian Federation Security Council Apparatus;

paragraph 17 of point 10, and points 14 and 15 of the Statute on the Russian Federation Presidential Staff approved by Russian Federation Presidential Edict No. 117 of 29 January 1996 "Questions Relating to the Russian Federation Presidential Staff" (SOBRANIYE ZAKONODATELSTVO ROSSIYSKOY FEDERATSII, 1996, No. 6, p 432);

Russian Federation Presidential Directive No. 266 of 3 June 1992 "On Priority Measures To Provide Backup for the Activity of the Russian Federation Security Council" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 24, p 1324);

5. This edict comes into force on the day of signing.

[Signed] Russian Federation President B. Yeltsin

Statute on the Russian Federation Security Council Apparatus

I. General Provisions

1. The Russian Federation Security Council Apparatus (hereinafter the Security Council Apparatus) is an autonomous subdivision of the Russian Federation Presidential Staff and has the status of a main administration of the Russian Federation president.

2. The Security Council Apparatus provides organizational, technical, informational, and analytical support for the activities of the Russian Federation Security Council (hereinafter the Security Council).

3. The Security Council Apparatus is guided in its activity by the Russian Federation Constitution, federal constitutional laws and federal laws, edicts and directives of the Russian Federation president, the Statute on the Russian Federation Security Council, and the present Statute.

4. The funding of the Security Council Apparatus is carried out as a specific item from federal budget resources appropriated for the funding of the Security Council and is stipulated as a separate item in the estimate of expenditure of the Russian Federation Presidential Staff.

II. Main Tasks of the Security Council Apparatus

5. The main tasks of the Security Council Apparatus are:

organizational and technical support for the activities of the Russian Federation president and the Security Council in the exercise of their powers in the sphere of the security of the individual, society, and the state;

informational and analytical support for the activities of the Russian Federation president and the Security Council on current security problems and questions of evaluating internal and external threats to the vital interests of security facilities and identifying sources of danger, and the preparation of analytical materials and predictions relating to changes in internal and external conditions and factors influencing the state of security of the individual, society, and the state;

support for the Security Council's activities in coordinating the formulation of basic guidelines for the state's security strategy and federal security programs and in drafting Security Council proposals on questions of ensuring the security of the individual, society, and the state, and for the activities of federal organs of executive power in the implementation of federal security programs and Security Council decisions;

support for the Security Council's activities in monitoring the exercise of the functions of forces, systems, and state security organs in the sphere of the security and defense capability of the country, military-technical cooperation, and the protection of the sovereignty and territorial integrity of the Russian Federation and in monitoring the implementation of Security Council decisions by federal organs of executive power and organs of executive power of the Russian Federation components.

III. Functions of the Security Council Apparatus

6. The Security Council Apparatus, in performing its main tasks, exercises the following functions:

a) in the sphere of organizational and technical support for the Security Council's activity:

carries out preparations for Security Council sessions and prepares the materials for them;

prepares proposals for the secretary of the Russian Federation Security Council (hereinafter the Security Council secretary) on the planning of the work of the Security Council;

prepares draft Security Council decisions;

draws up draft edicts and directives of the Russian Federation president on questions of ensuring the security of the individual, society, and the state, the country's defense capability, military-technical cooperation, the development of global information systems, and the monitoring of the activity of federal organs of executive power responsible for security;

submits to the Security Council secretary observations and proposals on draft laws connected with questions of domestic, foreign, and military policy in the sphere of ensuring the security of the individual, society, and the state, the country's defense capability, military-technical cooperation, the imposition of economic sanctions, and the safeguarding of the independence and state integrity of the Russian Federation and with measures to protect them, and submits findings on these draft laws for discussion by the Security Council;

submits proposals to the Security Council secretary on questions of ensuring the security of the individual, society, and the state, the country's defense capability, military-technical cooperation, the imposition of economic sanctions, and information development and on questions of the strategy for ensuring the independence and state integrity of the Russian Federation and measures to protect them;

participates in the drafting of proposals to the Russian Federation president on the imposition, extension, or lifting of a state of emergency or martial law and in the drafting of operational decisions on preventing emergencies and eliminating their consequences;

provides support for the activities of interdepartmental commissions of the Security Council and the scientific council under the Security Council;

prepares and holds its own working conferences and records and implements their decisions;

participants in the formulation of proposals on improving the security system;

does the Security Council's paperwork;

b) in the sphere of informational and analytical support for the Security Council's activities:

analyzes and predicts the development of events which could lead to crisis situations threatening the security of the individual, society, and the state;

conducts comprehensive and targeted analysis of security problems, defines possible threats to the security of the individual, society, and the state, submits proposals on averting these threats, and conducts research on security problems, enlisting the services of interested federal organs of executive power and organs of executive power of the Russian Federation components and of organizations;

analyses the effectiveness of decisions adopted by the Security Council and the results of their implementation and submits proposals to the Security Council secretary on ensuring the implementation of the said decisions;

c) in the sphere of support for the coordinating activity of the Security Council:

participates in organizing the Security Council's collaboration with federal organs of state power, organs of state power of the Russian Federation components, and local self-government organs and with state institutions and organizations and enterprises in the pursuit of an integrated state policy in the sphere of ensuring security;

drafts proposals for coordinating the activities of federal organs of state power and organs of executive power of the Russian Federation components in the process of implementation of decisions adopted on ensuring security;

following instructions from the Russian Federation president to the Security Council secretary, [it] participates in organizing the Security Council's collaboration with the security organs of foreign states and international collective security organizations;

in accordance with established procedure, collaborates with federal organs of state power, organs of state power of the Russian Federation components, and organs of local self-government and with state institutions and organizations and enterprises in identifying, averting, and eliminating internal and eternal threats to security and in adopting coordinated measures in response to crisis situations;

on the instruction of the Security Council secretary, organizes the coordination of the activities of interdepartmental commissions of the Security Council and the scientific council under the Security Council;

participates in the drafting of proposals for the reform of existing organs or the creation of new organs responsible for the security of the individual, society, and the state;

d) in the sphere of support for the Security Council's activities in monitoring the implementation of its decisions:

drafts proposals for the creation of a mechanism for monitoring the activities of federal organs of executive power and organs of executive power of the Russian Federation components in implementing Security Council decisions;

participates in checks on the activities of federal organs of executive power in implementing federal security programs and legal acts of the Russian Federation president on security questions;

prepares for examination questions connected with the creation and activities of forces for ensuring security and the maintenance of these forces in a state of readiness, and with their management.

7. The Security Council Apparatus may exercise other functions by decision of the Security Council.

IV. Support for the Activities of the Security Council Apparatus

8. In the implementation of its activities the Security Council Apparatus is entitled:

in accordance with established procedure, to request and receive necessary materials and information from leaders of subdivisions of the Russian Federation Presidential Staff, the Russian Federation Federation Council Apparatus and State Duma Apparatus, and the Russian Federation Government Apparatus and from federal organs of executive power, organizations, and officials;

in accordance with established procedure, to use the data banks of the Russian Federation Presidential Staff and federal organs of executive power;

to use state — including government — communications systems;

to enlist the services of specialists of federal organs of executive power and scientific institutions and of scientists;

to conduct scientific research in the sphere of ensuring security.

9. Information, documentation, material, technical, and transportation support for the activities of the Security Council Apparatus and social and domestic services for its staffers are provided by the Russian Federation President's Administration of Affairs and the appropriate subdivisions of the Russian Federation Presidential Staff.

V. Leadership of the Security Council Apparatus

10. Leadership of the Security Council Apparatus is exercised by the Security Council secretary.

11. Deputy secretaries of the Security Council are appointed to office by the Russian Federation president on the submission of the Security Council secretary.

12. The structure and table of organization of the Security Council Apparatus are approved by the Russian Federation president on the submission of the Security Council secretary.

The Security Council secretary is entitled to make individual changes to the Security Council Apparatus table of organization within the limits of the approved total staffing level.

13. The Security Council secretary:

exercises direct leadership of the activities and organizes the work of the Security Council Apparatus, distributes duties among his deputies, and establishes the areas of competence of other officials of the Security Council Apparatus;

approves statutes on subdivisions of the Security Council Apparatus;

participates personally or through his representatives in session of collegiums and military councils and working conferences of federal organs of executive power and organs of executive power of the Russian Federation components when they are examining questions of ensuring security;

forms working commissions, enlisting representatives of federal organs of executive power, law enforcement organs, and other organs, to monitor and check on the implementation by federal organs of executive power and organs of executive power of the Russian Federation components of Security Council decisions and strategy in the sphere of domestic, foreign, and military policy, military-technical cooperation, and information security and also to identify threats to the security of the individual, society, and the state;

appeals to federal organs of executive power and organs of executive power of the Russian Federation components to eliminate factors and conditions creating threats to the security of the individual, society, and the state;

issues on the basis of and in implementation of federal laws and normative legal acts of the Russian Federation president orders and directives regulating the activities of the Security Council Apparatus and organizes the monitoring of their implementation;

in accordance with established procedure, appoints to office servicemen and staffers of Russian Federation internal affairs organs (federal tax police organs) seconded to the Security Council Apparatus within the quota approved by the Russian Federation president;

in accordance with established procedure, submits to the Russian Federation president proposals on the structure and table of organization of the Security Council Apparatus;

in accordance with established procedure, defines the scale of supplements to official salaries of staffers of the Security Council Apparatus;

in accordance with established procedure, concludes contracts on behalf of the Russian Federation Presidential Staff with scientific research organizations and specialists for work and research on security questions;

in accordance with established procedure, resolves questions of sending Security Council Apparatus staffers on missions within the Russian Federation and abroad;

in accordance with established procedure, submits proposals on assigning Security Council Apparatus staffers to skill categories of federal civil servants;

submits for examination by the Russian Federation president submissions on conferring state awards and honorary titles on Security Council Apparatus staffers;

in accordance with established procedure, adopts decisions on travel outside the Russian Federation by Security Council Apparatus staffers taking into account their possession of information constituting state secrets;

organizes the reception of citizens and the examination of their proposals, applications, and complaints on questions within the competence of the Security Council Apparatus;

exercises other powers in accordance with federal legislation and with edicts and directives of the Russian Federation president.

14. During temporary absences of the Security Council secretary his duties are carried out in accordance with established procedure by the first deputy secretary of the Security Council.

15. The Security Council secretary is entitled to delegate individual powers stipulated in the present Statute to officials subordinate to him.

Russia: Decree on Monopoly Price Regulation Signed

MM0808120096 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 96 p 5

[Russian Federation Government decree No. 869, signed by Russian Federation Government Chairman V. Chernomyrdin on 17 July 1996: "On the Regulation of Prices (Tariffs) for the Output (Services) of Natural Monopoly Sectors in the Second Half of 1996" — from the 'Documents' section]

[FBIS Translated Text] With a view of restraining the growth of prices (tariffs) in natural monopoly sectors in the second half of 1996, the Russian Federation Government decrees:

1. The Russian Federation Federal Energy Commission and regional energy commissions are to implement

the regulation of tariffs for electricity and heat in accordance with established procedure.

2. It is prescribed that, in the process of regulating the tariffs for the pumping, transshipment, and bulk transportation of oil in accordance with established procedure, the increase of the tariffs for the aforesaid services in the second half of 1996 should not exceed the increase of the prices set by producers of industrial output for the same period throughout Russia as a whole, determined on the basis of the data of the Russian Federation State Committee for Statistics.

3. It is prescribed that, as of 1 August 1996, the industry's wholesale prices for natural gas for production needs will be index-linked every month, apart from the prices set in edict No. 598 of the Russian Federation President dated 22 April 1996 "On Measures to Improve the Economic Position of the Population and Other Consumers of Russian Federation Energy Sources" (SOBRANIYE ZAKONODATELSTVA ROSSKIYSKOY FEDERATSII, 1996, No. 17, p 1967), and also markups for gas distribution organizations (resellers), on the basis of the price index for producers of industrial output throughout Russia as a whole.

The "Gazprom" Russian Joint-Stock Company and the "Rosgazifikatskiya" Joint-Stock Company are to notify end consumers in advance about the indexation of industry's wholesale price for natural gas and markups for the gas distribution organizations (resellers) for the upcoming month, using the price index for producers of industrial output throughout the Russian Federation as a whole determined by the Russian Federation State Committee for Statistics for the previous month when calculating the price and markup for the current month.

4. As of July 1996, the Russian Federation Ministry of Railways is to index-link every month the tariffs for the transportation of freight and charges for loading and unloading work carried out by railroad transportation to a sum not exceeding the price increases set by producers of industrial output throughout the Russian Federation as a whole as specified by the Russian Federation State Committee for Statistics on the basis of the previous month's statistics.

5. To grant the Russian Federation Ministry of the Economy the right to amend, on the recommendation of the Russian Federation Ministry of Railways, the maximum rate [predelnyy indeks] for railroad freight tariffs for individual types of freight being transported, while maintaining its average level.

6. The Russian Federation Ministry of Finance, jointly with the Russian Federation Ministry of Railways, is to examine the question of allocating funds from the federal budget to recompense losses incurred in the long-distance transportation of passengers during the formation of the draft 1997 budget.

7. To instruct the organs of executive power of Russian Federation components to adopt measures to recompense losses borne by railroads in the transportation of passengers on suburban services out of the funds of the relevant budgets of Russian Federation components with the aim of restraining the increase of tariffs for the transportation in question.

8. It is prescribed that, during the regulation by the federal organs of executive power of tariffs for communications services provided for enterprises and organizations, the increase of regulated tariffs for the aforesaid service per quarter on average throughout the communications subsectors must not exceed the price increases set by producers of industrial output throughout the Russian Federation as a whole for the previous quarter, determined in accordance with the data of the Russian Federation State Committee for Statistics.

During the regulation by organs of executive power of Russian Federation components of the tariffs for communications services provided to enterprises and organizations, the growth of the regulated tariffs for the aforesaid services per quarter on average should not exceed the price increases set by producers of industrial output in the relevant oblasts, krays, republics within the Russian Federation for the previous quarter determined on the basis of data of the territorial organs of state statistics.

9. Point 8 of Russian Federation Government decree No. 140 dated 12 February 1996 "On Measures To Restrict the Growth of Prices (Tariffs) for the Output (Services) of Natural Monopolies" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1996, No. 8, p 772) is deemed to have lapsed.

[Signed] Russian Federation Government Chairman V. Chernomyrdin

Federal Assembly

Russia: START II To Be One of 'Main Subjects' of Duma Session

MK0908111096 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 p 2

[Report by Aleksandr Reutov: "Duma Shall Have To Decide the Future of START II in the Fall"]

[FBIS Translated Text] A press conference was held at the Central House of Journalists yesterday in connection with the publication of the book "Ratification of the

START II Treaty: Solutions, Problems, Prospects" as well as in anticipation of the START II ratification hearings in the Russian State Duma this coming fall. CPRF [Communist Party of the Russian Federation] leader Gennadiy Zyuganov pointed out during the meeting that the discussion of the treaty's future would be one of the main subjects during the upcoming session of the Russian State Duma. In his words, the objective of the new book, which brings together all official documents and materials of the already held discussions of the treaty, as well as analysis of the situation surrounding it, consists in bringing up to date the power structures and interested organizations and in helping them form their own opinion on this score.

At the moment the CPRF State Duma faction has no clear stance on the treaty. As Gennadiy Zyuganov stated, the Communists will give their view only after having discussed all the available information in corresponding committees and within the faction. "We are 'for' arms cuts because we realize that the planet is overloaded with these weapons, but at the same time every state has a duty to think of its own national defense and its own future security," the CPRF leader stressed.

General Yuriy Lebedev, one of the authors of the book, thinks that ratification of the treaty should take place. However, to enable that, it becomes necessary to recommend to the Russian Federation Foreign Ministry that it reach agreement with the United States and remove those of the document's shortcomings that may negatively affect Russia's security. Lebedev cited among such shortcomings the provision that the treaty should be implemented by the year 2003 since, owing to economic reasons, this is unrealistic for Russia. Another problem is the observance of the 1972 ABM Treaty in light of the initiatives of the United States' Republican Party. Among the indirect flaws of START II is the fact that it does not provide for NATO's possible eastward expansion. Even if nuclear weapons are not to be deployed on the territories of countries hoping to become members of the North Atlantic alliance, no one can vouch that no new high-precision arms destructive enough to be of strategic value are going to be deployed there.

Russia: Stroyev: Federation Council Works for Stability in Russia

LD0808150496 Moscow ITAR-TASS in English 1456 GMT 8 Aug 96

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, August 8 (Itar-Tass) — The activities of the Federation Council of a new composition have shown that "its actions are in accord with a strategic line of our Russia's statehood," Chairman of the Federation Council Yegor Stroyev told a news conference today.

Analysing the results of the work of the chamber before the parliamentary recess, he stressed that it had "found its face working for stability in the state."

In reply to a question by Itar-Tass, the speaker highly appraised the position of the Federation Council in the new structure of power, stressing that "nobody will be able to turn it into a puppet."

"Retaining, as the 'chamber of regions', real ties with the people and being engaged in considered lawmaking, the Federation Council in complex conditions together with the president managed to ensure political equanimity in society and prevent a possible split connected with the presidential elections."

Deputies of the council consider the participation in the work on the correction of economic reforms one of their main tasks which they have already taken up actively, Stroyev said.

The parliament conducted a number of hearings and "round table" discussions on a package of problems connected with this theme, he informed.

Regarding the oncoming autumn situation as a complex one, the speaker noted that "there are no grounds for the serious aggravation of the crisis."

According to him, many "have adapted themselves to market conditions and are acting intensely and resolutely." Neither does he free heads of the regions of a considerable share of guilt for the current economic difficulties.

Russia: Stroyev: Main Task To Ensure Calm Local Elections

LD0808142596 Moscow INTERFAX in English 1305 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — The Federation Council's main task for the short term is to ensure calm elections in the regions, Federation Council Chairman Yegor Stroyev told a news conference in Moscow Thursday.

Summing up the results of the summer session, he noted that "fall in Russia is an alarming time, this is why the upper house members see their mission as preserving accord in society under any circumstances."

In answer to journalists' questions, Stroyev said that his deep conviction was that the Russian president was entitled to sack both elected and appointed governors.

Deputies of the upper house are "alarmed that someone is silencing the difficulties experienced by the people, the need for adjusting the reforms," Stroyev said. The senators are preparing dramatic proposals to adjust this policy, he added.

Stroyev said he was not disappointed by the absence of Russian Prime Minister Viktor Chernomyrdin at today's session of the Federation Council. Chernomyrdin is preparing to make a program speech in the State Duma on Saturday, and it would make no sense to split his speech for the two audiences, he said. In Chernomyrdin's absence, "the debates were better, since everyone spoke from the heart," he said.

Speaking on the crisis in the Maritime territory in Russia's Far East, Stroyev stressed the need for a government decision on this issue. The crisis is becoming increasingly political, while it could have been solved "with a stroke of the pen" at the very beginning, he said. He made it clear that he was referring to the possibility to enable the territory to export coal to Japan. This would help solve the territory's financial problems, he suggested.

Russia: Federation Council Chair Stroyev Favors Chechen Talks

LD0808144696 Moscow INTERFAX in English 1311 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Yegor Stroyev, chairman of the Federation Council, the upper house of the Russian parliament, has said that the conflict in Chechnya can be resolved only through talks.

Stroyev told a news conference marking the end of the council's summer session that talks between Chechen factions should be given priority.

"The military confrontation should not be allowed to deteriorate," he said. "It is better to sit and talk even with gangsters," because the only alternative to talks is war which brings about heavy civilian casualties, Stroyev said.

Lessons should be learned from Gen. Yermolov and other Russian generals who conquered the Caucasus in the 19th century, he said. Stroyev recalled that, following his capture, Imam Shamil, the leader of the Caucasian peoples in their wars of independence, was brought to St. Petersburg as a guest, lived peacefully in Russia ever after and even made a trip to Mecca.

Stroyev praised the peacemaking activities of Tatar President Mintimer Shaimiyev, a member of the Federation Council, who had acted as an intermediary in Chechnya.

Russia: Upper House Sets Up Commission on Chechnya, Urges Talks

LD0808152596 Moscow ITAR-TASS in English 1508 GMT 8 Aug 96

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, August 8 (Itar-Tass) — The Federation Council upper house of Russian parliament will henceforth have its own commission on the settlement of the situation in Chechnya, upper house chairman Yegor Stroyev told journalists today.

He said the commission will be headed by vice-speaker Valeriy Kokov, the president of another North Caucasus republic, Kabardino-Balkaria.

Stroyev stressed that another member of the house, president of Tatarstan Mintimer Shaymiyev "is also working intensively in this direction."

"Since we want to live in the same house with Chechnya, it is necessary to look for ways leading to peace," the upper house speaker said.

"We must try and avoid deepening the process of military confrontation in Chechnya. Even with bandits, it is better not to exchange fire but to negotiate, even if it takes a lot of time," Stroyev stressed.

Russia: Deputy Urges Punishment for Groznyy Tragedy

LD0808121296 Moscow ITAR-TASS in English 1121 GMT 8 Aug 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, August 8 (Itar-Tass) — Major-General Ibragim Suleymenov, a member of the lower chamber of the Russian parliament, intends to raise the question on criminal responsibility of people who permitted unimpeded infiltration of great numbers of gunmen into Groznyy, at the nearest session of the State Duma.

Speaking in an interview with Itar-Tass, the general described the events of the last two days in the Chechen capital as "a mechanism of treachery, which was already tested last March".

According to Suleymenov who is a member of the State Duma Defence Committee, all republican branches of power-wielding ministries received information in good time on the infiltration of separatist detachments into the city.

Data on the imminent action by gunmen in Groznyy was widely discussed by the mass media. Inertia of authorities, which resulted in the tragic events, is outrageous, said the former military commander of Chechnya.

In the deputy's opinion, the reasons for the tragedy must be thoroughly examined by the Chief Military Prosecutor's Office, and the investigation should be monitored by the Russian Prosecutor-General's Office.

"Those guilty of the tragedy must not be permitted to duck punishment this time, since civilians and soldiers die as a result of connivance and treachery," the general emphasised.

Russia: Upper House Asks Yeltsin To Call Economic Security Meeting

LD0808122296 Moscow INTERFAX in English 1214 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — The Federation Council passed a resolution on Thursday with 144 votes for and three against, recommending Russian President Boris Yeltsin convoke a nationwide conference on the country's economic security.

According to the upper house of the Russian parliament, this conference should be attended by deputies, government officials, Security Council members, politicians, businessmen, bankers and researchers.

The Federation Council proposed the Russian government develop a draft federal law on the guidelines of the country's economic security.

In addition, the document asked the government to "develop and submit the criteria for assessing federal laws and a list of economic security indicators in the fourth quarter of 1996, considering the proposals of the Federation Council."

While developing next year's budget and amending this year's budget, the government should "consider the criteria and peak indicators of economic security."

Russia: Left-Wing Leader: Duma To Approve Yeltsin's Nominee

LD0808134396 Moscow INTERFAX in English 1231 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — There is every reason to think that most State Duma deputies will approve the appointment of Viktor Chernomyrdin to the post of Russia's prime minister, a leader of the left-wing forces in the Russian parliament told Interfax Thursday.

At its emergency session on August 10, the State Duma is to consider the candidate for the post of prime minister whom, according to preliminary reports, Russian President Boris Yeltsin will present on the afternoon of August 9.

The source said that as the prime minister is to be appointed by secret ballot, there is every reason to expect most of the left-wing opposition forces to support Chernomyrdin's candidacy.

"Although the discussion may be heated, the form of voting makes it possible even for the most serious opponents of his course to support Chernomyrdin without losing face," he said.

He pointed out that whereas the Our Home is Russia faction and some other deputies will insist on electronic secret ballot, the Communist faction and the deputies' associations close to it will prefer voting through ballot papers.

An Interfax correspondent reports that the Communist faction has decided to discuss Chernomyrdin's candidacy right before the emergency session on Saturday, not tomorrow as the Communist faction leaders had earlier planned.

Russia: Federation Council Rejects Bill Raising Minimum Wage

LD0808112796 Moscow INTERFAX in English 1112 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (Interfax) — Russia's Federation Council Thursday rejected a bill to raise the country's official minimum wage adopted by the State Duma on July 19.

As many as 85 members of the Federation Council voted for the bill, with only 55 against and one abstention. However, a minimum of 90 votes for is required to approve the bill.

In line with the bill the minimum wage in Russia was to be increased to 95,320 rubles from July 1, 1996. Thus the minimum wage, totalling 75,900 rubles, was to be increased by 26 percent.

The previous increase of the minimum wage took place on April 1, 1996. The growth of consumer prices over the second quarter of this year totalled 5.1 percent.

According to the Federation Council Committee on Social Policy, which recommended rejecting the bill, the rate of indexation of the minimum wage proposed by the State Duma exceeds the real pace of inflation rate by more than five times. The legislation also provides for the minimum wage to be recalculated quarterly minding price hikes during the previous quarter.

In addition, it is necessary to additionally find 8.7 trillion rubles from the budgets of all levels, including 5.5

trillion rubles from the federal budget, before the end of the year to index corresponding social payments to the population provided the minimum wage is increased. The implementation of this bill, the commission said, will lead to a complete reconsideration both of the federal budget for this year and budgets of Russia's constituent members and to a sharp growth in the wage debt and social payments to the population.

Though the bill was not approved by the Federation Council, the majority of the members of the upper chamber advocated increasing the minimum wage during the discussion, noting that in reality nobody can live on 75,000 rubles ($14) a month. Governor of the Sverdlovsk region Eduard Rossel voiced the most sharp statement during discussion of this issue, calling to approve the minimum wage increase and to commission the government to find a solution to the problem.

Russia: Federation Council Voices Concern About National Security

LD0808120696 Moscow ITAR-TASS in English 1132 GMT 8 Aug 96

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, August 8 (Itar-Tass) — Chairman of the upper house committee for security and defence Aleksandr Ryabov today told the Federation Council that it should no longer tolerate the situation in the field of national security which has existed for six years.

"Sovereign Russia still remains in a state of conceptual uncertainty in this most important field," he declared in the course of today's discussion of the Russian President's message to the Federal Assembly (parliament) on national security.

The house reacted by adopting a resolution expressing "concern about the level of national security," criticising the current interpretation of national security, and recommending that the President speed up drafting a national security concept encompassing a wide range of questions relating to security in the country's economic, defence, social, food, environmental, information and other spheres of life.

The upper house also reviewed its plans for creating a legal framework for ensuring Russia's economic security and proposed that the government draft a bill "Concerning the fundamentals of economic security" and submit it for consideration by parliament as soon as possible.

The Federation Council stressed the need for taking into consideration "criteria and threshold magnitudes of economic security indices" when drafting a bill on the federal budget for next year.

Regional Affairs

Russia: Fierce Fighting Escalates at Three Sites in Groznyy

LD0908102696 Moscow INTERFAX in English 1009 GMT 9 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, Aug 9 (Interfax) — The Chechen armed opposition reports three hotbeds of the heaviest fighting, where both sides are suffering considerable losses, in Groznyy.

They are Groznyy's suburb of Chernorechye, the highway to Severnyy airport and the village of Michurin which lies on the road Khankala-based federal troops took to reach Groznyy.

Opposition forces are engaged in fierce fighting with the defendants of the Chernorechye commandant's office. Federal aircraft are firing rockets on their formations, opposition spokesmen said.

An opposition strong point on the road to Severnyy airport has been rebuffing, since 5 a.m., attempts by federal armored vehicles to make it into Groznyy. According to Chechen field commanders, "the waves [of federal attacks] are following one upon another."

Opposition sources are reporting "bloody engagements" between opposition elements and a federal armor convoy near Michurin. The fighting is taking place at a railroad crossing. Federal aircraft and artillery elements have been committed to action.

Federal paratroopers managed to regroup and engage, at 1:00 p.m., Chechen separatists at Groznyy's streetcar depot where opposition sources report the presence of up to 40 federal armored vehicles.

Fighting, according to Chechen opposition spokesmen, is growing even "fiercer" Friday afternoon in Groznyy.

Russia: Only 30 out of 89 FSB Staff Survive Rebel Attack in Groznyy

LD0908083096 Moscow ITAR-TASS in English 0748 GMT 9 Aug 96

[By Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY, August 9 (Itar-Tass) — Only 30 out of 89 staff of the Groznyy department of the Federal Security Service (FSB) have survived after the storming rebels destroyed and burnt down the building of their hostel situated a mile from the government compound, the centre of the three-day heavy fight in the Chechen capital.

The survivors have moved to the main FSB building in the compound, which is most likely to become the next target for the attacking rebels.

Russia: Federal Troops Unable To Retake Downtown Groznyy

LD0908101696 Moscow INTERFAX in English 0835 GMT 9 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 9 (Interfax) — Storm groups of federal troops have been unable to regain control of downtown Groznyy, a senior federal officer told Interfax Friday.

Federal troops encounter fierce resistance of Chechen separatists who placed firing emplacements everywhere and planted mines on the streets, the officer said. As many as 25 HE mines had been offset yesterday alone, he said.

Fighting continues on the bridges across the Sunzha River which splits the city, the officer said. "It is very hot there now," he noted.

Only one federal convoy managed to break through to the city center where government buildings are, but as far back as on Wednesday evening, the officer recalled. The convoy joined the defense circle around the complex, he said.

The command of federal troops is preparing new reinforcements to retake control of the city, the officer said.

Russia: Groznyy Events Show Failure of 'Force-Based' Option

MK0908113196 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 9 Aug 96 p 1

[Report by Yuliya Kalinina: "The Rebels Are Running Out of Ammunition Yet Again"]

[FBIS Translated Text] The federal command devoted the two months preceding the presidential elections to "finishing off the enemy in its den." All the most important strongholds of the Dudayevites' resistance — Vedeno, Goyskoye, Bamut — were captured. The Russian command said proudly that regular opposition units had been routed. All that was left were small groups of bandits whose elimination essentially did not even require the army or the interior troops — special-purpose militia detachments would be fully capable of dealing with the small fry.

It seemed that the force-based option was finally beginning to bear fruit. The military command's upbeat reports, willingly taken up by the political leadership, created the impression that the war was about to end in a natural way because the separatists' strength, weapons, and morale were coming to an end.

Before the first round of the elections there were still four last mountain areas in Chechnya where the Russian soldier had not set foot. However, the "finishing off of the enemy" had to be suspended for a few weeks of "peace talks." President Yeltsin had to fulfill his citizens' wish to end the unpopular war, otherwise his chances of winning the elections were short of the victorious margin.

The truce did not last longer than a month. A week after the president's reelection, Russian troops resumed "finishing off the enemy." During the last month of warfare, which began with a cruel mopping-up operation in the village of Gekhi, federal forces carried out "special operations" in the remotest mountain areas, which boiled down mostly to massed artillery fire and carpet bombing. The harsh actions of the military produced good results. According to the command, the rebels' numbers were dwindling by the day. Federal forces captured their bases and arms depots, and the separatists' strength was fizzling out before our very eyes....

Now, here we go again, after all our victories these "small isolated groups" of bandits join forces to form a 2,000-strong army complete with artillery and armor, enter Groznyy, stuffed with federal troops, and capture it overnight. Servicemen who were on duty at checkpoints at that tragic hour will remain under siege for God knows how many days, while the remaining "military power," headed by the "legitimately elected" government of Chechnya, flees the city for a well-fortified airport, where it sits, tail trembling.

Yet, the federal command is putting on a brave face. General Kvashnin says that there is no need to worry because at night the rebels will in all likelihood run away by themselves. One of the interior troop commander's deputies publicly comments on the situation as follows: "After the rebels suffered a defeat in the mountains, they decided to try to take revenge in Groznyy."

What kind of defeat have they suffered if now they easily seize an entire city, which is "fully under the federal forces' control?"

What did our servicemen do there during the four months of victorious offensives and uncompromising "special operations?" Whom did they rout and what depots did they eliminate? It turns out that they only created the semblance of "a victorious march," whereas in reality they did not fight at all. But why? This time no one stood in their way. They had carte blanche, no one stopped them or limited their freedom to use one type of weapon or another...

So will it always be like that? After the inauguration the rebels will probably leave Groznyy. But it seems that now they can at any moment return in this very fashion. It means that all checkpoints and commandant's offices should have two-week food and water reserves, while all Zavgayev's men must keep an "emergency" suitcase under the bed to be ready to run at any moment toward the airport.

The seizure of Groznyy by the rebels is proof of the fact that the "force-based solution" has been a complete failure. Nothing has come of it. Officials have brought their reaction down to a minimum. The usual set of banalities: "We shall take adequate measures.... There can be no solution based on force.... There should be a cease-fire.... Talks should begin." Nothing specific. The authorities refuse to acknowledge the catastrophe. At the moment, of course, we have a different event on the agenda — the inauguration. Why spoil the celebration by unpleasant utterances and useless tussles? We had better look away and ignore the vile enemy, who is trying to mar our festivities.

Russia: Chechen Commander Denies Order To Shoot Russians

LD0908090596 Moscow INTERFAX in English 0854 GMT 9 Aug 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, Aug 9 (Interfax) — "We have not ordered to shoot Russian servicemen rendering resistance to the opposition units," chief of Chechen separatist headquarters Aslan Maskhadov told Interfax Friday [9 August].

The information on the existence of such an order was spread earlier the same day by a representative of the federal command.

"This is a dirty lie," he said.

As far as losses among the federal troops are concerned, the number of which amounts to hundreds already, Maskhadov said that "it is not a secret for anybody that a war is going on and people die in war."

Russia: Chechen Rebels Awaiting Orders for '2d Stage' of Operation

LD0908114296 Moscow ITAR-TASS in English 1116 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — The chief spokesman for the Chechen separatists, Movladi Udugov, said in an interview with Radio Russia today that the separatists are now in control in Groznyy and are rebuffing attacks by federal troops.

On the situation in the city, Udugov said that the building of the Interior Ministry is fully under the separatist control, as is the House of the Government which is still on fire. Fighting continues to seize the building of the Federal Security Service (FSB) in the Chechen Republic.

Later, at 13:18 Moscow time (09:18 GMT), Udugov told Radio Russia that the militants had to withdraw from the Interior Ministry building and positioned themselves at a distance of 50 to 70 meters from it when several federal tanks forced their way towards the building. Out of the five tanks, two had to retreat and three advanced straight to the building where fighting was going on.

According to Udugov, fighting had gone on practically throughout the night and flared up again in the morning, with literally wave after wave of Russian armour advancing on the capital. Russian troops are using heavy artillery and tanks.

Since the break of day, the Chechen units have rebuffed two offensives and now the Russian armour is on a third offensive accompanied by intensive mortar fire, artillery shelling and helicopter airstrikes. The central area of the Zavgayev leadership is on fire. The separatist units have undertaken no active storming operation since midnight.

On further plans of the separatists, Udugov said that the plan of a special operation designed to neutralise the activity of the Russian occupational force in the territory of Groznyy, Argun and Gudermes provides for several stages. At present, active preparations are underway for the beginning of the second stage of the operation. The separatist troops have not yet received Maskhadov's order to begin the second stage.

According to the information we have, up to four thousand militants of the Chechen Republic are now in Groznyy armed with two tanks, six PCRs, and a sizable stock of ammunition captured in the course of fighting in Grozny. The situation in the city of Argun is controlled by the Chechen forces.

On the fate of the journalists and other civilians in the hotel, Udugov said that as the Minister of Information and the Press he is authorised to issue orders proclaiming immunity of journalists.

All commanders have received these orders through headquarters. All commanders have been warned: it is necessary to display white cloth where journalists are located, in the area where they are located something white must be hanged out. An inscription saying: "Journalists here" must appear in the place, on a door or a wall of the basement. Those people must be protected. They must not be touched. "I am saying this in case there is storming or close fighting inside the building. For the time being, all must keep inside the basement and never venture outside. I will do all in my power. I as journalist promise this to you," Udugov said.

Russia: Clashes With Chechen Rebels Continue in Argun

LD0908110196 Moscow INTERFAX in English 1054 GMT 9 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, Aug 9 (Interfax) — Clashes between Chechen rebels and Russian federal troops continued near the city Argun Friday afternoon.

No intensive military operations were registered in Argun last night, only federal artillery shelled separatist positions, the separatist headquarters told Interfax Friday.

Shootouts continued near the military police office besieged by separatists.

Separatists had seized Argun on Tuesday, August 6, simultaneously with the storm of Groznyy. One of the most authoritative field commanders, Abu, is in charge of the Argun operation.

Argun is almost under separatist control, a source in the federal command admitted Friday.

The situation near Chechnya's second biggest city Gudermes is being aggravated, as federal troops approached the city from Dagestan, the separatist headquarters said.

Clashes may resume in the Gudermes area as pullout talks have proved fruitless so far. The unit of well-known field commander Salman Raduyev is stationed near the city.

Russia: Zavgayev Returns to Groznyy After Moscow Visit

LD0908053996 Moscow ITAR-TASS in English 0521 GMT 9 Aug 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, August 9 (Itar-Tass) — Moscow-backed Chechen leader Doku Zavgayev was flown to Groznyy at night, a spokesman for the Chechen mission to the Russian president told Itar-Tass today.

Zavgayev came to Moscow on Thursday [8 August] with the federal centre's delegation led by Nationalities Minister Vyacheslav Mikhaylov. The delegation had visited Groznyy to negotiate with rebels, with no success.

Zavgayev decided to return to Groznyy when he learned about the deterioration of the situation there.

The spokesman said "Doku Zavgayev did not and could not have any thoughts of leaving at the difficult moment the republic which he leads".

He explained that Zavgayev had come to Moscow to handle Chechnya's urgent problems and in any case was going to return soon what.

Russia: Government Makes Official Appeal to People of Chechnya

LD0808192196 Groznyy Chechen Television-Vaynak in Russian 1646 GMT 8 Aug 96

[Appeal to the people of the Chechen Republic by the head of the Chechen Republic, the Government of the Chechen Republic, and the People's Assembly of the Chechen Republic; place and date not given — announcer-read]

[FBIS Translated Excerpt] Esteemed compatriots, we are all witnessing the tragedy of our people. While talking about high ideals and the need to reach peace and accord, a clique of Chechen renegades represented by Zelimkhan Yandarbiyev, Aslan Maskhadov, and their stooges are doing everything to destabilize the situation in the republic. They cannot accept the fact that in the recent times there has been a firm tendency toward stabilization of the sociopolitical situation.

Practical measures designed to stop the military actions immediately, the step-by-step withdrawal of the troops, and restoration of the economy and the social infrastructure have been worked out and implemented. While observing the agreements reached in Moscow and Nazran, the government of the Chechen Republic and the command of the Joint Group of the Federal Troops in the Chechen Republic have embarked on setting up demilitarized zones. On 5 August, a mutually agreed decision on the withdrawal of the federal troops from the territory of the Shatoy District was adopted. All these and other measures aimed at achieving the long-awaited peace do not suit the aspirations of Yandarbiyev and Maskhadov.

By storming the city of Groznyy on 6 August, they have finally removed the masks from their faces. What is taking place in the city streets today is but the continuation of the chain of criminal deeds committed by their regime that is working against the people. They, who proclaimed Ghazavat [Holy War], are killing their own brothers. Supported by foreign mercenaries and the Chechen and Russian Mafiosi, they again are robbing defenseless civilians of their last possessions. They destroy electric power substations, blow up water mains, and steal from warehouses the humanitarian aid sent to the impoverished population of the republic, the children, and the disabled.

This is their true face. This is the price of their ideas. Provocateurs are subjecting civilians to extreme dangers. They are repeatedly trying to undermine the peace-making process in the Chechen republic. We are confident that the latest bloodbath started by enemies of their own people is doomed to failure.

Esteemed fellow-countrymen! We were ready to compromise. We sought legal guarantees for the participants of the illegal armed formations who voluntarily agreed to give up illegal actions. And now we are appealing to them again to use this opportunity and stop killing their people. Together with you, we are deeply upset by the tragedy of the last few days and are mourning the innocent victims. [passage omitted]

Dear fellow-countrymen, brothers and sisters! You must realize who wishes to continue this pointless bloodshed and who wishes peace and is fighting for peace. We will endure the latest ordeal and achieve peace and accord. But we must unite for the sake of this and come out against those who are spreading grief and death in our country. We are appealing to all Chechen residents to remain calm and be vigilant and to observe security measures.

[Signed] Doku Gapurovich Zavgayev, the head of Chechen republic; Nikolay Koshman, the chairman of the government of the Chechen republic; Ali Alavdinov and Amin Asmayev, the chairmen of the Chambers of the National Assembly.

Russia: Chechen Procurator Issues Statement

LD0808194496 Groznyy Chechen Television-Vaynak in Russian 1651 GMT 8 Aug 96

[Statement issued the Procuracy of the Chechen Republic; place and date not given — announcer-read]

[FBIS Translated Text] On 6 August 1996, at dawn, the bandit groups lead by Zelimkhan Yandarbiyev, Aslan Maskhadov, Movladi Udugov, and Ruslan Gelayev stormed the city of Groznyy. They killed civilians, including women and children. They robbed apartments and attacked a bank and a food store from which they have removed provisions, humanitarian aid, and emergency supplies intended for the people of the Chechen Republic.

On the basis of these facts, the Procuracy of the Chechen Republic has instituted criminal proceedings and issued warrants for the arrest of Yandarbiyev, Maskhadov, Udugov, and Gelayev. The Procuracy of the Chechen Republic is appealing to the people of the Chechen Republic to help detain these criminals who, during the past few years, have been terrorizing the people of the Chechen Republic.

[Signed] Vakhid Abubakarov, the Procurator of the Chechen Republic

Russia: Chernomyrdin Opposes Full-Scale Combat Actions in Chechnya

LD0808150296 Moscow ITAR-TASS World Service in Russian 1404 GMT 8 Aug 96

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 8 Aug (ITAR-TASS) — At his meeting today with representatives of the Power to the People group of [State Duma] deputies, Russian Prime Minister Viktor Chernomyrdin advocated the "severest measures against terrorists and criminals in the Chechen republic but not by a resumption of full-scale combat actions." The prime minister also expressed doubts that "those who are at present in command of the separatists are capable of settling the Chechen crisis by constructive methods."

"There will be retaliation against the [separatist] fighters," the prime minister stressed, "but it will not be full-scale combat actions. We must not let the aggravated situation slide toward an Afghan option."

A considerable part of the meeting between Viktor Chernomyrdin and the Power to the People representatives was devoted to the aggravated situation in the Chechen republic. The deputies expressed grave concern over the situation that has come about. Economic problems, personnel policy issues, and interaction between the government and the lower chamber of parliament in legislative work were also discussed during the meeting.

Russia: Lebed, Defense Ministry Spokesman Cited on Chechen Events

MM0808183796 Moscow ROSSIYSKIYE VESTI in Russian 9 Aug 96 p 1

[Report by Pavel Anokhin: "Gunmen's Actions of a Criminal Nature"]

[FBIS Translated Excerpt] Chechnya is still the main seat of tension in the country and a source of contradictory information. [passage omitted]

It is curious to note the position of Aleksandr Lebed, secretary of the Russian Security Council and assistant to the Russian Federation president on national security, who stated that the Russian Federation Security Council is conducting work to organize an emergency congress of representatives of the Chechen people irrespective of their political preferences. He noted: "Good initiatives are possible only on the categorical condition of the gunmen's immediate withdrawal from Groznyy and a cease-fire. Otherwise, in a war situation, the Army will take appropriate steps in full awareness that the time for talks is being postponed to some future date."

It is known that Russian Federation Defense Minister Igor Rodionov has become involved in tackling the problem that has arisen. ROSSIYSKIYE VESTI's correspondent was told at the Russian Federation Defense Ministry Information Directorate that military analysts, having analyzed the situation, have come to the conclusion that at the present time virtually all the separatists' reserves and combat-capable forces are committed to the assault on the Chechen capital.

Russia: Defense Minister May Intervene in Chechen Situation

LD0908083696 Moscow INTERFAX in English 0756 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 9 (Interfax) — Russian Defense Minister Igor Rodionov described the situation in Chechnya as very tense.

Asked by Interfax in Moscow Friday whether he will attend to the Chechen problem, Rodionov said that circumstances may compel him to do so.

Russia: Commander Defends 'Strong-Arm' Tactics in Chechnya

MM0808130396 Moscow KRASNAYA ZVEZDA in Russian 8 Aug 96 pp 1, 3

[Interview with Lieutenant General Konstantin Pulikovskiy, commander of the Russian Federation Interim Joint Forces in the Chechen Republic, by Colonel Nikolay Astashkin in Groznyy, "24 hours before the latest events": "We Are Fighting Not the Chechen People But a Criminal Regime"]

[FBIS Translated Text] Lieutenant General Konstantin Pulikovskiy granted this interview to our correspondent literally 24 hours before the latest events in Groznyy. No one is in any doubt today that the chief purpose of what happened 6 August was to wreck the peace initiatives and the accords reached in Nazran. But, despite the drastically changed situation, we have decided to publish the interview with Gen. Pulikovskiy because the thoughts expressed in it constitute an action program for not just one day.

[Astashkin] Do you recall, Konstantin Borisovich, our conversation at the end of December 1994 on the Terskiy Pass, 2 km from a suburb of Groznyy? You said then that it would be highly problematic to return Chechnya to the Russian family by force of arms. You have proved to be right....

[Pulikovskiy] I believed then and I believe now that all ethnic and interethnic contradictions can be resolved by peaceful means. Admittedly, provided it* is done in good time. But if the disease has already been neglected, as happened in Chechnya, you have to resort to strong-arm methods. There simply is no other option.

[Astashkin] And yet you cannot resolve anything by force of arms alone!

[Pulikovskiy] In my view, the most important thing that has to be done now through the efforts of the republic's government, the efforts of the center, and the efforts of the federal troops is to organize, help, and in some cases even make authority work locally. Down to the lowest-level structures. This is already being achieved in some places. According to my estimates, at the present time the local government is firmly established in approximately 13 of the republic's rayons. In three or four it exists only on paper. While in a number of mountain rayons bandits openly dictate their will.

I personally have worked in Nozhay-Yurtovskiy and Vedenskiy Rayons. While you are there, everything runs like clockwork. But you have only to leave a rayon, and bandits again start rearing their heads.

[Astashkin] Why can we not create an atmosphere of intolerance toward them?

[Pulikovskiy] In order to achieve this, the authorities have to work locally. What do I mean by this? First, there must be no gaps in the power structure. That is, the police, the prosecutor's office, the military commissariat, and other structures and organizations must work efficiently in a rayon in addition to the administration. If one of these links goes missing, the authority malfunctions. For example, representatives of the Vedenskiy Rayon leadership have just visited me. We have now driven the bandits out of there, and the situation appears to have stabilized. But, at the same time, questions of compliance with legality are still being resolved inadequately. Why? It turns out that a prosecutor has not yet been appointed in the rayon. Or take another factor. There is an administration and a prosecutor, but no chief of police. The result: trouble in imposing order, again.

Second, it is desirable to form local authorities from indigenous inhabitants who enjoy respect among the local population. Unfortunately, people from Groznyy still hold responsible posts in some rayons. Of course, it is possible to understand them: Anyone would want to secure a prestigious post. As a result, such "leaders" look with hope toward the military, reckoning on our handing them power on a plate with a blue border. It will not happen. Anyone who wants peace and order must roll up hisown sleeves and work.

[Astashkin] In the present situation some regimental commanders are governors-general, as it were, within the rayons where their base centers are located.... Would it be possible in that case to restore institutions of military administrative power?

[Pulikovskiy] In principle we already fulfill functions of that kind in a number of rayons. Where there is a sensible, strong commander, many questions are resolved more successfully. Unfortunately, they do not all yet possess a sense of state responsibility for the task with which they are entrusted.

[Astashkin] Many people are inclined to call what is happening in Chechnya today the Caucasus war....

[Pulikovskiy] Russia is not waging a war here. It is not waging one for the simple reason that this is its own territory. Not even a simple shepherd would deny that Chechnya is Russian land. The elections for the Russian Federation president and for the deputies of the Chechen Republic Legislative Assembly have also confirmed that the majority of the republic's population is in favor of living within Russia. I will repeat: There is no war here. What is happening in Chechnya is the destruction of the criminal system which took shape in 1991, when Dudayev's clique acceded to power. The most offensive thing is that Dudayev came to power on the wave of democracy, on the wave of the struggle for freedom and independence. As a result, freedom proved to be freedom to commit crimes. We possess a lot of evidence attesting how Dudayev and his entourage got rich without creating anything. In this they disdained nothing: neither theft, nor robbery, nor murder. Worse than that, a veritable genocide had begun in the republic during the years of the Dudayev regime. I remember January 1995. Very heavy, very hard fighting for Groznyy. I was staggered to see how Russian people who had remained in the city because they had nowhere to go met us with tears in their eyes. They said that legitimate government was finally returning to the republic and would be able to protect them against tyranny and violence. So the federal troops are not fighting a war in Chechnya but annihilating bandits and terrorists.

[Astashkin] At the same time terrorists such as Basayev and Raduyev are regarded almost as national heroes in Chechnya. Do they really enjoy the love of their people?

[Pulikovskiy] The whole world shuddered at the crimes of these terrorists. You will agree: Could normal people really have perpetrated what happened in Budennovsk and Kizlyar? It was savagery! Sooner or later the Basayevs and Raduyevs will be annihilated just the same. Even if they survive now, they will have to conceal themselves and hide to the end of their days. Let someone save them and take them abroad, where they will receive plastic surgery for big money. Still they will be cursed to the end of their days. Their children and grandchildren will be cursed. What will those children and grandchildren say about them? You know, some time ago I was hit by a tragedy: My son died. He died here, in Chechnya. That tragedy overturned my consciousness. Our life in general is very short — just some instant in all existence. In the final analysis, all normal people must live for the sake of the future. And ask themselves this question a little more frequently: What will people say about you after your death? You will agree: When a person is alive, people very rarely tell the truth to his face — what he is like in actual fact. It is our descendants who judge us. Will your grandchildren and great-grandchildren come to your grave, will they gather on your name day and the anniversary of your death, will they say kind words, will they raise a glass of vodka and offer you a good toast, or will they curse you? Will friends and acquaintances remember you? The meaning of our life probably lies in the answer to these questions. If a person builds a house, and builds it only for himself, his children will never live peacefully in that house. But if he builds a house and thinks about his children.... This room is for the son, but if he marries he will need not one but two rooms. If there is a second son, concern should be shown for him too. Only then does the house turn out well, and all the people living there will get on peacefully in it. This is the kind of house we want to build in Chechnya. A house which will be comfortable for everyone: Chechens, Russians, Tatars.... If we all — both the indigenous inhabitants and the federal troops who have come to help these people — approach the resolution of all questions from such positions, success awaits us.

Russia: Stepashin, Mikhaylov Face 'Barrage of Criticism'

MK0908120396 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 pp 1, 3

[Report by Ilya Maksakov: "Chechnya: Warring Sides Have Driven Each Other Into a Blind Alley"]

[FBIS Translated Excerpt] [passage omitted] The Groznyy authorities are unwilling to recognize that the war in Chechnya is not only a marshal law situation, but even that it is an emergency situation, obviously because they are afraid to admit their own impotence. It is this that may explain why a Groznyy government staff member has denied unofficial reports to the effect that the Chechen Republic Ministry of Internal Affairs is drafting proposals on imposing an emergency situation in the republic.

In the meantime, the heads of the federal delegation in Groznyy — Vyacheslav Mikhaylov and Sergey Stepashin — were obliged to respond to a barrage of criticism unleashed on them from all sides at the talks with the Chechen side yesterday, in particular, to statements from the leaders of Ingushetia and Tatarstan, Ruslan Aushev and Mintimer Shaymiyev. Their [Mikhaylov's and Stepashin's] main reaction was bewilderment, while they attribute the calls for changing the composition of the delegation to an incomplete idea of the actual situation in Groznyy on the part of Shaymiyev and Aushev, and promised to thoroughly brief the latter on the situation in Chechnya. According to what they say, despite what is happening the heads of the delegation are trying, via the OSCE mission in Groznyy, "to establish contacts with the bandits so as to stop the senseless bloodshed unleashed by Yandarbiyev." Citing as a proven fact that the "decapitated heads of those Chechen civilians who refused to cooperate with the bandits" were found in downtown Groznyy, and recalling that Dzhokhar Dudayev had begun his rule by displaying the severed heads of his enemies, Stepashin stated that Dudayev's successors "are completing their activity in Chechnya with this, and even more terrible crimes."

State Duma Deputy Speaker Aleksandr Shokhin rose in defense of Mikhaylov and Stepashin, urging that not "all the blame" be put on them. He also revealed that his faction, Russia Is Our Home, intended to appeal to the Russian Federation General Prosecutor's Office and demand a special investigation into the reasons why Chechen fighters had managed to enter Groznyy without hindrance. Shokhin is against the proposal put forward by Aushev to increase the delegation status to the level of Chubays, Lebed, and Rodionov because this, he thinks, would also increase the status of the rebel fighters.

Having also applied to the General Prosecutor's Office is Ibragim Suleymenov, State Duma deputy from Chechnya. He, however, demanded that a criminal procedure be instituted against the federal troops "on charges of treachery." Like Doku Zavgayev, Suleymenov is convinced that "the unhindered entry of fighters into Groznyy became possible only as the result of a criminal cabal between the fighters and the military people."

The bringing of Security Council Secretary Aleksandr Lebed, who was expected to come up with resolute steps and realistic measures for stopping the war, into the Chechen settlement process did not prove convincing. His proposal to organize an emergency congress of representatives of the Chechen people, bringing together delegates of different religions, all the localities, public associations, and parties — regardless of whether they back Zavgayev or Yandarbiyev — is unworkable under the present conditions.

Speaking before the Federation Council yesterday, MVD [Ministry of Internal Affairs] troops commander Anatoliy Shkirko briefed the senators on the operations of his subordinates in Groznyy over the last two days. It followed from his words that the internal troops had known in advance about the planned action and had taken a number of measures to weaken the fighters' detachments. However, owing to an information leak there were clashes that had properties of a meeting-engagement [vstrechnyy boy].

In the meantime, the Russian Federation Defense Ministry yesterday denied a report that the military department head, Colonel General Igor Rodionov, had undertaken to direct the operation to repulse the fighters' assault on Groznyy.

Russia: 'New People' Said Needed To Talk With Chechens

MM0808184596 Moscow IZVESTIYA in Russian 9 Aug 96 pp 1, 2

[Report by Valeriy Yakov: "Groznyy. Two Days of Impotence. Federal Forces Have Lost Yet Another Round in Chechen War"]

[FBIS Translated Text] By midday Thursday [8 August] the Dudayevite gunmen remained in control of the situation in Groznyy and still blockaded government buildings in the city center. Armored columns of federal troops sustained losses as they simply were unable to break through to the surrounded men who include a group of journalists. At the same time, for the second day running representatives of the government commission, who are sheltering in the military base in Khankala, and the federal forces' press service have been stating that the city center has been liberated. But they are making these declarations of victory not from the liberated center but from a well protected base.

Clearly remembering the precepts of the leader of world revolution, the gunmen first of all captured Groznyy's bridges, train station, banks, and telegraph office. The last target to fall at the close of the second day of fighting was the telephone exchange; then all communications with the city were finally cut off. Including the cellular telephone link. At least already by Thursday morning not one of the telephones through which we had managed to contact Groznyy on the previous day was answering. The cellular telephones of the republic's prosecutor, the "Yunko" oil company, the chief of Chechnya's State Motor Vehicle Inspection Administration, and the Internals Affairs Ministry were quiet....

We only managed to get in contact with one of the Dudayevite field commanders, but this was probably only possible because he was in another population center and his detachment was not involved in the assault on Groznyy as he was "working through Gudermes." However, according to Rezvan, the radio link with the group of gunmen in Groznyy was fairly reliable and the link with Maskhadov's headquarters had not gone down at all. The headquarters continues to coordinate the actions of detachments of gunmen not only in Groznyy, but also in Argun, Gudermes, Shali, and other locations where the so-called reserve groups are positioned. There is no multiple leadership to be seen here, as is the case with the Russian subunits, and the various power departments do not leave each other exposed. As least all the federal forces can only envy the gunmen's cooperation in such large-scale operations.

Unfortunately, the conversation with Rezvan was extremely brief as the link with him was for some inexplicable reason lost and we were not able to resume our conversation after that. However, the field commander managed to impart the most important information — that by the weekend the majority of detachments of gunmen will return to where they were previously stationed. The operation as planned has been practically completed and is considered a success as the Dudayevites have succeeded in showing not only Russia but the whole world who really has control over the situation in Chechnya and in whose ranks there is more disorganization and disunity today. "The task facing us was not to completely take over the main population centers and keep hold of them until the last man fell. The main objective was to enter the cities, inflict the maximum damage on the regime of occupation, and then, when the order came, to return to our bases with the minimum of losses. And we did this."

Alas, these rousing statements by the experienced gunman were not unfounded. According to information from Maskhadov's headquarters, in two days' fighting the federal side lost several dozen armored vehicles, around 300 of its men were killed, and about 50 were taken prisoner. The gunmen's losses amount to several dozen men. According to statements by the Russian side, the number killed among the federal troops approaches 100, with already more than 300 wounded, but the military are trying not to mention at all the number of helicopters that have been shot down and the number of armored vehicles that have been burned. On the other hand, during the afternoon official military sources have been repeating with increasing confidence that the troops are scoring successes and allegedly beginning to take the initiative in central Groznyy, setting about their favorite "mopping up" operation in various rayons of the city. Evidently, those which the detachments of gunmen have already safely abandoned. As they will also abandon the center when they shortly receive the order from Maskhadov. Then it will again be possible to plant the Russian flag atop the government building and for Zavgayev to pretend that he is running the republic. To the extent to which the wanted men Yandarbiyev, Maskhadov, Basayev, and others allow him to do so.

Incidentally, the very idea of announcing that the Dudayevite leaders are urgently wanted and of signing warrants for their arrest, which was thought up by Zavgayev, is once more evidence of a subtle battle in the apparatus to devise some involved scheme for the future. Being the main opponent of direct negotiations between the federal authorities and the separatist leaders and having essentially done everything he could to disrupt these negotiation, Zavgayev is already sabotaging the next essential negotiations. For such negotiations will look pretty strange if "criminal elements who are wanted by the federal authorities" take part on behalf of the Dudayevites. But the whole fact is that there is no one with whom to negotiate an end to combat operations in Chechnya apart from these "elements." You certainly cannot talk with Zavgayev who is settling long-standing personal scores with Yandarbiyev, whom he hates, and the Dudayevites who ousted him from power in 1991. Moreover, he is settling these scores using Russian bayonets and at the cost of the lives of others.

You cannot place any more hope in Stepashin's commission as you should not, I think, forget that the war in Chechnya started with the provocative assault on Groznyy in November 1994, which was organized by peacemaker Stepashin's department — the FSK [Federal Counterintelligence Service]. Stepashin suffered defeat both in that and all subsequent assaults; consequently he simply cannot be objective in this most complex negotiation process. New people who are not stained with the blood of this war should resume the negotiations and conduct them in the future — at least for the Russian side. Lebed, who so publicly promised the voters that he would stop the slaughter in Chechnya, might be such a person. But he assesses the situation with amazing stubbornness in the best Kremlin style — in the blessed Zavgayev's words. Instead of urgently flying to Chechnya and getting to the bottom of everything personally. And reporting in person to the president before the latter takes his next vacation.

Russia: Stroyev Says Yeltsin Empowered To Fire Maritime Governor

LD0808140096 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1220 GMT 8 Aug 96

[FBIS Translated Text] "The president has the right to relieve a governor [head of administration] of his post," said Federation Council Speaker Yegor Stroyev in an interview for Ekho Moskvy radio station. He was commenting on reports in the media which name Maritime Territory Governor Yevgeniy Nazdratenko as the chief culprit for the economic crisis in the region.

Y. Nazdratenko was to have taken part in the work of the last session of the Federation Council today but he postponed his trip to Moscow in view of the heavy flooding in Maritime Territory.

Economic Issues

Russia: Half-Year Figures, Regional Performance Seen

MM0808113896 Moscow FINANSOVYYE IZVESTIYA in Russian 6 Aug 96 p 1

[Article by Yevgeniy Vasilchuk: "Regions' Problems Becoming Main Obstacle in the Path of Market Reforms"]

[FBIS Translated Text] Detailed official figures on the results of Russia's socioeconomic development in the first half of 1996 have been published. Unlike in past years, this year the figures were not examined at the traditional half-yearly "big Council of Ministers session." Only Economy Minister Yevgeniy Yasin deemed it necessary last week to give his opinion on some of the most pressing problems: taxes, investments, the situation in the regions.

The dynamics of the basic macroeconomic indicators prompt serious thought. There are as yet apparently no grounds for short-term disaster predictions. However, a number of factors — the increase in defaults, the deterioration in enterprises' financial position, the collapse of investments, and the uneven economic development of the regions — are capable of provoking economic paralysis practically at any moment.

Compared with last year, the reduction in GDP and industrial production has accelerated. The production of agrarian output is continuing to fall markedly, though at a somewhat slower pace. The rate of decline in capital investments remains critical. Because of the fall in the population's income, the volume of paid services is being rapidly squeezed.

There is a very strained situation in state finances, the banking system, and the credit and monetary sphere as a whole. The level of the budget deficit in relation to GDP is only insignificantly in excess of the guideline figure. However, the territories' budget deficits are increasing rapidly, which was not the case before. The budget multiplier (the relationship of the budget deficit to the income side of the budget) is also growing — at some 47 percent compared with 22 percent last year. Despite all the assurances of a tough financial policy, the budget is becoming an increasingly powerful instrument for pumping credit and money into the economy. True, in the second half-year the government has an opportunity to increase the level of tax collection by 15-20 percent and limit the implementation of expenditure items by 10-15 percent.

The Bank of Russia is offering resistance to the pumping up of the economy by the budget. The big fiscal gap and the grave financial situation of the real and financial sectors restrict the Central Bank's potential for either slackening or toughening the credit and monetary policy. The exchange rate is under strict control. But the dynamics of interest rates remain hard to predict. As yet there is no sign of a stable trend toward their reduction. Nor has a firm confidence in the future appeared in domestic and foreign investors. More or less significant supplies of capital are still geared to short-term speculative operations.

Money supply indicators are deteriorating. After the restrictions in January-February, since March the rate of growth in the money supply has risen to 5-6 percent a month. The quantity of cash is increasing more quickly — by 7-8 percent a month. These indicators cannot be described as tough, even for Russia. Especially since the economy is flooded with unchecked foreign currency and all kinds of money-credit surrogates.

The reduction in the rate of increase in consumer prices to 0.7 percent in July can hardly be explained purely in terms of monetary factors. The slowing down in the speed of money circulation observed in the first half of the year reflects first and foremost the depressed dynamics of statistical estimates of nominal GDP. "Pure" inflationary expectations have scarcely declined at all. Inflation cannot yet be considered conquered.

According to Bank of Russia figures, the money put into circulation in June totaled 10.5 trillion rubles [R], compared with R0.5 trillion in May. The 11.5-fold increase in the Russia-wide "emission result," for reasons that are not entirely understood, is in striking contrast with regional money emission indicators, which are several times lower.

Deferred debt continues to rise steadily. According to the State Committee for Statistics, the wage debt increased 4 percent in the period 10 June-8 July — to R29.8 trillion. The level of deferred creditor debt in relation to GDP rose from 151 to 182 percent in the period January through May, while the figure for debtor debt rose from 104 to 134 percent.

In January-May 1996 the proportion of loss-making enterprises, compared with the same period last year, rose from 26 to 36 percent in industry, from 42 to 61 percent in transport, and from 27 to 36 percent in construction. The volume of profit at enterprises in industry, transport, and construction, at current prices, fell by 28 percent in the same period and totaled R49 trillion.

The unevenness of the socioeconomic development of the regions and the distribution of incomes remains an objective and crucial factor in increasing social tension and interregional contradictions. Official figures on monetary incomes and the cost of the minimum consumer basket convey this impression both succinctly and eloquently. After this, it is both useless and naive to look, at the center or locally, for subjective blunders and specific culprits to blame for regional economic crises.

Main Socioeconomic Indicators in the Russian Federation

	First half of 1995 as percentage of first half of 1994	First half of 1996 as percentage of first half of 1995	First half of 1996
Gross domestic product, trillion rubles	96	95	1065
Volume of industrial output, trillion rubles	97	96	618
Investment in fixed capital, trillion rubles	82	86	133
Agricultural output, trillion rubles	89	93	110
Retail trade turnover, trillion rubles	92	98	356
Paid services to the population, trillion rubles	84	85	88
Export of goods, billion U.S. dollars	131	105	41.6
Import of goods, billion U.S. dollars	115	111	30.2
Real disposable monetary income	92	100	725 (1)
Total number of unemployed people, millions	116	111	6.4
Consumer price index (2)	177.8	115.5	—
Index of producers' prices for industrial output (2)	208.5	114.5	—
Interbank credit rate for periods up to 1 month, percent per month	—	—	6.6 (3)
M2 money supply, trillion rubles	314.4	181.3	284.7 (3)

Note 1: Nominal per capita income in May, thousand rubles
Note 2: End of period, compared to December last year
Note 3: End of period, estimate
Source: Official statistics.

Monetary Income and Correlation of Cost of Basic Food Products in Certain Regions of Russia

	Monetary income per capita, May 1996, thousand rubles	Cost of 19 basic food products, May 1996, where Russia equals 100
Russian Federation	724.8	100
Arkhangelsk Oblast	642.1	124
Republic of Tatarstan	474.5	78
Volgograd Oblast	401.5	93
Ulyanovsk Oblast	442.6	62
Republic of Dagestan	182.8	98
Krasnodar Kray	468.8	94
Sverdlovsk Oblast	665.9	107
Kemerovo Oblast	798.1	106
Republic of Altay	382.0	102
Tyumen Oblast	1774.7	93
Republic of Tyva	367.4	128
Krasnoyarsk Kray	924.3	109
Republic of Sakha (Yakutia)	1375.2	235
Chukotka Autonomous Okrug	1733.2	338
Maritime Kray	604.2	154
Kamchatka Oblast	1228.8	223
Kaliningrad Oblast	457.6	85

Source: Russian State Committee for Statistics.

Russia: Moscow Presents Suggestions for Restructuring Soviet Debt

LD0808121396 Moscow INTERFAX in English 1128 GMT 8 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 8 (FIA-Interfax) — Following almost two weeks of similar acts in Frankfurt, London, Paris, Rome and New York, which, together with Tokyo, rank as the financial capitals of the world, Moscow emissaries and the London Club's Bank Advisory Committee on Thursday presented suggestions for the restructurization of the Soviet Union's foreign debt to Japanese government representatives and bank executives in Tokyo. The London Club unites 600 banks that extended loans to the Soviet Union and Russia, which undertook to meet the Soviet Union's obligations before other countries.

A blanket agreement on the Soviet debt payments was reached last November, a high-ranking source told the Financial Information Agency. A team of Russian and Western experts shared its view of ways to settle the Soviet debt problem with bank executives last July. Their suggestions take care of $25.5 billion of the principal and some $7 billion of interest charges.

Vneshekonombank, Russia's foreign trade bank, has already remitted $1.38 billion to the London Club since February 1995.

Russia: Yasin Denies Major Role in Planning Cabinet Shakeup

MK0908075096 Moscow NEZAVISIMAYA GAZETA in Russian 8 Aug 96 p 1

[Report by Rustam Narzikulov: "Government Takes Stock of Its Controversial Existence"]

[FBIS Translated Text] Yesterday, Economy Minister Yevgeniy Yasin categorically denied in an exclusive NEZAVISIMAYA GAZETA [NG] interview his part in the contemplated change in the government's structure. This statement was a reply of sorts to the NG article "Deputy Premiers and Ministers 'For Whipping' Await Solution of Their Fate Today" (NG of 6 August 1996), in which the minister was referred to as the ideologist of two main drafts for apparatus reform.

"Rumors of my participation in this process are an exaggeration," Yasin stated. "What has been published by NG applies to our ministry's proposals two months ago. They were being developed at that time as part of the efforts of Oleg Soskovets' commission, which was tasked with reforming the government, and the work on them was done specifically by Yakov Urinson, Sergey Vasilyev (deputies to the economy minister — R.N.), and Mikhail Kopeykin (chief of a government department — R.N.)."

The economy minister would not comment on the changes in the government expected any day now since "this would have been unethical." "Imagine that someone will be dismissed, it could be myself, and it would appear that I was asking for it."

Mr. Yasin admitted that the Ministry of the Economy and the Finance Ministry were obliged to draft the presidential edict "On Urgent Measures To Guarantee a Policy of Economy in the Process of Implementation of the Budget in the Second Half of 1996," calling for the repudiation of many financial decisions of the state made over the past two years. The government hopes to cut state spending by "20 or 30 trillion rubles."

Who is going to finally end up on the "black list" is not clear, "since this is a political question affecting the interests of many people," the minister pointed out. "But this step has to be taken, because all state decisions should correspond to real financial capabilities." Yevgeniy Yasin stressed that the draft edict does not cover the social sphere — for example, it was proposed to suspend the law on veterans, but this proposal was turned down.

In the words of the minister, he stated at the government meeting on Tuesday that the shortfall in tax collection during the first half of the year "is the biggest failure of the government." This worsened the budget situation in that "funds intended for a number of areas were funneled into the armed forces, law enforcement bodies, and wages."

(Yevgeniy Yasin's interview will be published in full in upcoming issues of NG).

International Affairs

Ukraine: Kiev Declares Support for Nuclear Test Ban Treaty

LD0808184596 Moscow ITAR-TASS in English 1804 GMT 8 Aug 96

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, August 8 (Itar-Tass) — A representative from Ukraine has informed participants in the conference on disarmament in Geneva that the Ukrainian government adopted a decision to support a draft treaty on comprehensive ban of nuclear tests being discussed now.

Addressing a plenary session, deputy head of the Ukrainian delegation Oleg Shamshur stressed that prior to making this decision, the Ukraine had thoroughly studied the text submitted at the Geneva forum on June 28 by chairman of the Special committee for banning nuclear tests, Dutch ambassador Jaap Ramaker. Although Kiev's representatives expressed their regret over the absence of some provisions suggested or supported by Ukraine they regard these document as a sound compromise, taking into account the positions expressed by different sides at the talks. In the opinion of the Ukrainian delegation, further procrastination of the talks might put the chance of completing common work at the draft treaty by the beginning of the 51st session of the UN General Assembly in jeopardy.

By now, the readiness to support the "Ramaker project" was expressed by the majority of states participating in the conference, including four of the five nuclear powers - Russia, the United States, Great Britain and France. According to diplomatic sources, there is a hope that in the near future, the document will be officially approved by China which reached a preliminary agreement this week on bilateral consultations with the United States about a number of provisions disapproved by China pertaining to the inspection of the implementation of the future Treaty - both local inspections and the use of national technical means of control. However, the main stumbling block at the talks is a stance taken by India which demands that the Nuclear test ban treaty be tightly linked with nuclear disarmament carried out in a strictly fixed period of time.

Ukraine: President Departs for Yeltsin Inauguration in Moscow

LD0808193996 Kiev UNIAR in Ukrainian 1840 GMT 8 Aug 96

[FBIS Translated Excerpt] Moscow — Ukrainian President Leonid Kuchma will mark his birthday in Moscow while attending the holiday of Boris Yeltsin's inauguration on 9 August. [passage omitted]

It has become known from reliable sources in the Ukrainian Embassy [in Moscow] that the issue of the Ukrainian delegation's participation in the inauguration of the Russian president were still under consideration on the evening of 7 August. According to the same sources, Anatoliy Chubays, head of the Russian president's administration, decided all of a sudden to revise the list of Ukrainian guests invited to the inauguration ceremony. He said that in connection with the planned reduction in the scale of the event, about half of the top-level officials invited from Ukraine should be withdrawn from the list. In reply, the Ukrainian Embassy expressed its indignation in telephone conversations with the Russian leadership and declared that the Ukrainian delegation will not arrive in Moscow at all if Yeltsin's administration shows such disrespect for Ukraine. Chubays agreed not to revise the lists of Ukrainian guests and Ukrainian President Leonid Kuchma left for Moscow today to attend the inauguration of Russian President Boris Yeltsin.

Ukraine: Yeltsin Cancels Meeting With Kuchma Due to Health Reasons

WS0908072496 Kiev INTELNEWS in English 0351 GMT 9 Aug 96

[FBIS Transcribed Text] Kiev, August 8 — The August 9 meeting between the presidents of Ukraine and Russia will not take place due to Russian President Boris Yeltsin's state of health, according to a source in Ukraine's Presidential administration.

The meeting was to occur on the day of inauguration of Boris Yeltsin as President of Russia. The meeting was agreed upon during the visit of Ukrainian Foreign Minister Udovenko to Moscow on August 1-2.

The inauguration is still scheduled to occur, however, the place has been moved from a square near Pokrovskiy Church to the Kremlin palace of congresses.

Ukraine: Udovenko Comments on Border Talks With Russia

MM0908104896 Moscow KRASNAYA ZVEZDA in Russian 9 Aug 96 p 1

[Own information report: "No Marker Posts on Fraternal Borders"]

[FBIS Translated Text] At the first Ukrainian-Russian talks on border issues to be held in Moscow 13-14 August Ukraine will insist on the urgent delimitation of the state border between the two countries. This was stated by Ukrainian Foreign Minister Gennadiy Udovenko. In his words, the talks will be about "not complications in the movement of people, marker posts, or barbed wire" but "drawing the border on the map."

The minister noted that in the course of border cooperation "a mass of practical questions have arisen" which the Ukrainian side is being helped to resolve by the experience of delimiting the state border with Belarus, a process which is already 95 percent complete. The head of the Ukrainian Foreign Ministry considers that the speediest completion of the process of drawing the border on the map will be promoted by "the precise definition by the Russian and Ukrainian sides of which problems fall outside the framework of the classic method of delimitation."

Ukraine: U.S. Sanctions Against Cuba, Iran Assessed

WS0808143996 Kiev KIYEVSKIYE VEDOMOSTI in Russian 7 Aug 96 p 4

[Article by Mykhaylo Biletskyy: "International Stability Requires Observance of Law"]

[FBIS Translated Excerpt] **The hopes that the era of a capitalist market paradise would follow the end of the Cold War probably have not come true. The tumultuous collapse of the Iron Curtain only marked the first act of a major confrontation.**

Sledgehammer as a Method of Convincing

The second act is already on at the economic stage. Recent allies, which have currently been divided by Uncle Sam's old passion for keeping a stick in store and stretching his hand to it from time to time, are the main dramatis personae. Washington is again appealing "to send communism to the dustbin of history." Yet, this time the talk is about "Cuban communism." However, something completely unpredictable happened: In an off-hand manner, the U.S. President set up a barrier and positioned EU members and his partners from the North American Free Trade Agreement [NAFTA] — that is, Canada and Mexico — "on the other side" of it.

President Clinton elevated the Helms-Burton Bill — the fruit of the joint work of Senator Jessie Helms and House of Representatives member Dan Burton — to the rank of law on 16 July 1996 in response to February's incident invlving planes of the private U.S. group "Brothers to the Rescue" which were downed over Cuba's territorial waters. The goal of the document is to isolate the island's economy and block foreign investments in Cuba. The United States' practical steps were more than unexpected: The U.S. Department of State sent letters to companies which had active business contacts with Cuba. The letters contained warnings to the effect that in case of extending contracts, the companies' personnel will not be allowed to enter the United States. Moreover, in quite an unceremonious manner, the Department of State demanded that the management of a Canadian concern part company with Havana — under the threat that it would be prohibited from entering the United States — or that it at least stop investing in the Cuban economy. However, this was peanuts.

As became known on Monday [5 August], the U.S. President went even further in exerting pressure on his allies and trade partners from the EU and NAFTA by signing a draft bill envisioning economic sanctions against Iran and Libya. In essence, the sanctions against the two states — which, according to the U.S. President, are a "stronghold of state terrorism" — are very tough. In particular, for companies in violation they envision a ban on conducting commercial operations with the U.S. Government, a ban on loans from the U.S. Eximbank, a ban on exports and imports of licensed goods to and from the United States, etc.

Carrot and Stick

This event has only exacerbated the already tense relations between the United States and the EU. However, the sides have not yet entered on the transnational warpath, and they will not do so at least until September, when EU foreign ministers gather to discuss the current events. The conditions required for implementing the Helms-Burton Bill are another restraining factor. Its most unpleasant part, which concerns lawsuits against companies using property in Cuba, will become effective on 1 February.

Although the authors of the bill themselves — particularly Senator Helms — described the President's stance as "truckling to Cuba and the EU," from the political perspective this step can be termed well-balanced, particularly on the eve of the elections. After all, it happened that the law was passed, but its toughest part has not become effective, and it is not ruled out that it will never become effective. True, this depends only on Democrat Clinton's success in the November elections. If he wins, he can extend the moratorium or simply "forget" about the ill-fated third part of the bill. Yet, he will be able to do this only in a certain alignment of forces in a new Congress. [passage omitted]

Ukraine: Arms Trade Achievements, Prospects Discussed

WS0808142096 Kiev ZERKALO NEDELI in Russian 3-9 Aug 96 pp 1,2

[Article by Yuliya Mostova: "Arms Trade — In One Hand! But Whose?"]

[FBIS Translated Excerpt] The Ukrainian-Pakistani contract, about which the Ukrainian, Pakistani, and particularly Russian press had written for so long, was signed in Islamabad on 30 July. There were contradictory reports about its size, from the $450 million reported by NEZAVISIMAYA GAZETA to the $650 million announced by Pakistani Defense Minister A. Mirani in the course of negotiations. As ZERKALO NEDELI has managed to learn from sources involved in the Ukrainian-Pakistani deal, the sum of the contract amounts to $550 million to be spent on purchases of 320 T-80UD tanks from the Kharkov-based Malyshev plant. We will point out right away that the sum does not cover the cost of training Pakistani specialists. True, I think it is my duty to note that only the lawyer of the Progress company, Serhiy Kozyakov, was able to provide precise figures when I was preparing this article (all other competent people had not yet returned to the motherland). However, he categorically refused to reveal any details before the delegation's return to Kiev. According to officially confirmed data, the contract provides for the construction of a plant to produce Ukrainian tanks in Pakistan in the future, which certainly entails additional Pakistani expenditures. Despite the fact that details of the plant's construction are still unknown, it can already be said that the deal concluded by the "Progress Specialized Foreign Trade Firm" state enterprise was the largest one in the history of Ukrainian arms exports, and not only that. Few countries can boast a contract for such a large sum and only one type of weapon.

It is clear that a record-breaking sum should be paid for a record-breaking deal. Pakistan is not the richest country in the world. Furthermore, $800 million of its national wealth is to go to the United States for delivered weapons. During the past few months, the Pakistani government, strongly impressed by the Ukrainian tanks, introduced an article on additional expenditures in the budget law to pay for the concluded contract. It is proposed that some of the money be used to finance serial production of T- 80UD tanks at the Malyshev plant. Where Pakistan will find the money is a problem for Pakistan and, perhaps, some British bank that usually makes loans to third countries for weapon purchases.

What preceded the deal? Memoirs will certainly be written about this one day. Nonetheless, it can already be said that over $500 million did not simply rain down on the Ukrainian state. The negotiations between Progress and Pakistan lasted over 18 months. The Ukrainian tank, with a modernized engine, went through all possible tenders organized by Islamabad, having outshined its Russian analogue and a strongly lobbied Chinese tank.

At the same time, one must assume that our domestic broker had to reach an understanding with influential Pakistani officials. For such a sensative field as arms trade, agreements of this type are customary, and 10 percent of the sum of a contract is usually reserved for the purpose.

Throughout the negotiations, the Ukrainian side felt strongly pressured by the Russians. With enviable steadfastness, the Russian media — particularly NEZAVISIMAYA GAZETA and KOMMERSANT-DAILY — kept publishing materials in which they explained that Ukraine did not have the means to meet the commitments stemming from such a large contract. Both fact and fabrication were used. The article entitled "Armor Is Strong and Our KrAZ'es Are Fast" was completely ridiculous. It was clearly stated that "a verification of information about this deal conducted by KOMMERSANT-DAILY showed that most probably the essence of the agreement is another contract on deliveries of Ukrainian KrAZ trucks, not tanks, and to India, not Pakistan." All possible dirty diplomatic and business tricks were played as well. Ukrainian experts who visited Pakistan related that Russians who "took" them shopping offered at the very start of an "accidentally" initiated conversation to buy them the same things, but in Moscow and cheaper. A similar offer was made by the Chinese, who probably lost even more than the Russians as a result of the Ukrainian-Pakistani contract, considering that Pakistan is China's traditional arms market, just as India is Russia's market.

Some experts are skeptical about the viability of the contract even after its signing, namely because of the Russian factor. The point is that the T-80UD is not an entirely Ukrainian tank. The Malyshev plant receives many components essential for its production from Russia. Hence the opinion that Russia, vexed by the loss of profit and incited by India which is hostile to Pakistan, will stop delivering components essential to fulfill the contract. We have contacted the Malyshev plant deputy general designer, Volodymyr Vakulenko, and asked whether such developments are realistic. The answer was negative. V. Vakulenko confirmed that "negotiations on deliveries from Russia were held beforehand, and it is unlikely that the contract will be terminated for this reason." Additionally, the Russian side should not forget that Ukrainian orders mean cash and jobs for Russian companies which have neither too much work, nor too many orders....

During the past three months, groups of Ukrainian experts who had hitherto been constantly replaced stayed in Pakistan uninterruptedly. There were also "casualties" among our arms dealers. A representative of the Malyshev plant returned to the motherland with malaria, but a much more dramatic thing happened to a Progress employee. During his three-month stay in Pakistan, his daughter was born. His wife arrived at Boryspil airport with the newborn child to welcome him and got a shock when, having left the plane, her husband waved goodbye to his family and disappeared in an ambulance. It turned out that during the flight, the Ukrainian businessman showed symptoms of viral hepatitis.

Despite all the difficulties, discomfort, and — most of all — the extreme stress, Ukrainian representatives returned home on Friday [1 August] "fatigued but satisfied." Certainly, the staff of Progress, the Malyshev plant, and the Ukrainian Machine-Building Ministry have yet to celebrate. There will be enough joy for everyone, and only Progress will grow somewhat sad because it is not ruled out that the Pakistani deal was the last one in the history of this company's exports and imports.... [passage omitted]

If We Are United, We Are Less Vulnerable

According to data cited by the Russian media, in 1995 Ukraine earned $20 million on arms trade. This figure is certainly slightly underestimated. However, one can disagree with it only hypothetically because the Ukrainian side does not provide any information on this issue. And it is a pity. However, the fact that the Ukrainian market is dispersed and Ukrainian arms exporters separated is one of the reasons why it is impossible to authorize real data. As of today, apart from individual companies, the right to export weapons has been granted to the aforementioned Progress firm, the unsubsidized Ukrinmash state-run company, and the Ukroboronservis state enterprise, which is engaged in exporting and importing military products and services. As for Progress, there is talk that it is under the Security Service's wing. Ukrinmash was set up under the Defense Ministry, and Ukroboronservis, which has the smallest turnover, under the Ministry of Foreign Economic Relations and Trade. Experts claim that before the Pakistani deal, the turnovers of Progress and Ukrinmash were approximately equal. Furthermore, weapons were not the first source of profit of these state-run companies. While Ukrinmash fed on military construction, exports of uniforms, etc., Progress was very successful in elite exports of rare earth metals. I can add only one thing: approximately 500 people work at the Ukrinmash company, and Progress employs some 20 people.

The Pakistani contract was not only a serious breakthrough for Ukrainian arms exporters, but also a serious breakthrough into a region full of potential buyers. There are grounds to believe that many Southeast Asian and Latin American countries are seriously interested in Ukrainian military equipment. Twenty people are unable to cope with the emerging prospects, and taking into account the fact that prospects are opening not only in these regions but others, Ukraine certainly has to seriously consider centralizing imports and exports of weapons.

The idea of uniting everybody who trades in the "No. 1 product" under one roof was contemplated for a long time. Even a very extraordinary name of this structure — Ukrzbroya [Ukrainian Weapons] — was on many people's lips. However, the fact that the interests of top officials were different and each one of them wanted to take a tasty morsel under his control prevented the merger. The Ministry of Defense, the Ministry of Foreign Economic Relations, and even the National Security Council played the roles of open and secret contenders. Recently, however, since the number of masters decreased in the country and the masters themselves grew larger, the idea of setting up one arms trading company has caught a second breath. Trying to portray the future organization (proceeding from conversations with many experts and state officials), I have decided to give it the provisional name of Ukrzbroya to make it easier to expound the issue.

Most likely, Ukrzbroya will be established by virtue of a presidential edict. The company will probably operate under government management, because it will be set up under the government's wing. Of course, Ukrzbroya will inherit all the property rights and commitments of Progress, Ukrinmash, and Ukroboronservis. Among the company's main tasks will be to export and import all types of weapons and military equipment, dual-purpose equipment and technologies, military property, and strategic raw materials used for military purposes or having dual application. One must suppose that Ukrzbroya will deal not only with trade, and initially trade will not be among its chief operations. The point is that unlike the superpowers, Ukraine is not pursuing — at least so far — policies of exerting political and economic influence on countries importing weapons. For Ukraine, which has its own arms manufacturers, arms trade is not a method of exerting pressure, but a method of finding means to survive. The primary task is to give plants and design bureaus a job and pay people who generate ideas. Additionally, the company, along with the government, will have to try to find non-budgetary funds to resuscitate production. This requires serious government guarantees for commercial organizations which will run the risk of playing credit games with the government. The same refers to increasingly weaker Ukrainian banks. It must be noted, however, that similar attempts are already being made. For example, having visited the Antonov plant on Friday, [Prime Minister] Pavlo Lazarenko emphasized that he will do everything to help launch serial production of the AN-70 aircraft swiftly, and will hold special talks on this issue in Moscow. Additionally, the prime minister promised to help the Zaporizhzhya-based Motor-Sich company search for non-budgetary funds to produce engines. In this situation, it would not be out of place to recall that India, Iran, Vietnam, and 10 other potential buyers have lined up to purchase the AN-70 dual-purpose airplane.

Returning to the objective pluses of Ukrzbroya's establishment, one cannot but mention lobbying for the country's interests, which is essential in such a delicate business as arms trade. Of course, at the political level, it is far easier to promote the interests of one company than the interests of several. A monolith in this branch will also produce better results in the process of setting contract prices. Additionally, the situation in which state-run companies representing one country will compete on the arms market — which is already nearly closed for Ukraine — will be ruled out. Finally, it is of no small importance that for one company it will be easier to reach an agreement with Russia on both deliveries of components and sharing the former Soviet arms market.

As for legal aspects, the company — which many expect will be set up in mid-fall — will be a legal person operating on a contract basis. It will have its own property and, what is most important, it will most likely operate on the basis of principles of self-financing and cost recovery. One must suppose that Ukrzbroya will resolve all its problems independently because, following the example of similar companies in other countries, the state, its bodies, and other organizations will not be responsible for the company's commitments.

If a powerful strike force is organized in the area of military exports, the outline of an ideal situation for restoring order in Ukraine's defense sector will appear. The future of the company, difficult at the beginning but promising, may be jeopardized by a battle for control over it among officials. The latest developments within the Defense Ministry, as well as the heated debate on this issue at the National Security Council, have confirmed that the life of arms exporters is not always easy. This is exactly why at the very beginning, while specifying the rules of Ukrzbroya's existence, it is necessary to remember that arms trade is as interesting and profitable as trade in gas, liquor, and radio frequencies....

National Affairs

Ukraine: Kuchma Appoints Ministers, Heads of State Administrations

LD0808175796 Kiev UNIAN in Ukrainian
1640 GMT 8 Aug 96

[FBIS Translated Text] Kiev, 8 Aug — Ukrainian President Leonid Kuchma has signed decrees on personnel appointments in the Ukrainian Government. He also signed a decree appointing heads of local state administrations.

Mykhaylo Zgurovskyy has been appointed minister of education; Oleksandr Osaulenko, minister of statistics; Bohdan Babiy, chairman of the State Committee for Oil, Gas and Oil Refining Industry; Stanislav Syvokin, chairman of the State Committee for the Protection of Consumers' Rights; Oleksandr Omelchenko, head of the Kiev city state administration; Oleh Dyomin, head of the Kharkov city state administration; Yuriy Karasyk, head of the Kherson city state administration; Mykola Derkach, head of the Dnepropetrovsk city state administration; Mykola Kruhlov, head of the Nikolayev city state administration; and Hennadiy Fomenko, head of the Lugansk city state administration.

Ukraine: Defense Minister Appeals to Army To Maintain Discipline

LD0908112896 Kiev UNIAR in Ukrainian
0730 GMT 9 Aug 96

[FBIS Translated Text] Kiev [no date as received] — Ukrainian servicemen and their relatives are continuing to discuss a special appeal to them from Ukraine's Defense Minister Oleksandr Kuzmuk.

The appeal analyzes the political and socioeconomic state in the country and in the armed forces. It notes that under the current difficult conditions, most officers, NCOs, warrant officers, sergeants, sergeant majors, soldiers, and employees of the armed forces have an understanding attitude toward the current difficulties and are carrying out with dignity their duties. At the same time, the defense minister highlighted substantial shortcomings in the work of many military governing bodies and acknowledged a range of problems affecting discipline and the moral and psychological atmosphere in the military. "I know that you are in a very difficult situation, but I would like to assure you that the president, the government, and the Defense Ministry are doing everything possible in order to resolve as a matter of priority the socioeconomic problems of servicemen and of members of their families. They will continue to make every effort to raise the prestige of military service and the authority of those in the army who are the defenders of the fatherland and of their people," says the appeal.

The defense minister goes on to make an appeal to strengthen military discipline and order among subunits. Because, as it says at the end of the appeal, the health and moral atmosphere of the army as well as a healthy fighting spirit among soldiers depends on your understanding of duty, on confidence in your own strength, and on your honor.

Ukraine: Donetsk Oblast Court Deems Miners Strike Illegal

WS0908081096 Kiev INTELNEWS in English
0351 GMT 9 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 8 — A decision was handed down in Donetsk on Thursday that will have far-reaching ramifications for Ukraine's labor classes. Donetsk Oblast Court, chaired by Judge Lidiya Rybalko, has declared the July strike staged by Stakhanova miners illegal, thus setting a legal precedent against future labor strikes.

Commenting on the verdict, the lawyer for Ukrainian Miners Independent Trade Union (UMITU), Volodymyr Bondarchuk, said it will enable the mining administration to file claims for damages incurred by the strike. Those damages have been estimated at [as received].

However, "it will be very difficult to win the case," Bondarchuk added.

Thursday's proceedings were initiated by the mining administration against a branch of UMITU and a committee of the Coal Miners Trade Union, for production losses incurred during the miners strike July 3 to 18. The court duly noted that the cause of the strike was "untimely payment of wages."

The Donetsk Court of Arbitration, considering the lawsuit raised by the Donetsk Prosecutor on the forced dismissal of the Donetsk Workers Committee (strike committee), appealed to representatives of the plaintiff with a proposal to bring the arrested leader of the strike committee, Mykhaylo Krylov, into the court, thus granting the petition submitted by the defendant at Thursday's session of the court.

Krylov was arrested on Aug. 1 according to the article 187-3 of the Criminal Code for "organization and participation in actions violating public order," for his part in the strike action and subsequent miner blockades of rail and roadways.

Despite the fact that Krylov was arrested in Donetsk oblast, he is currently being held in a jail in Kharkov. Krylov's wife, who arrived Wednesday in Kharkov with a lawyer, told INTELNEWS that the arrest of her husband was an "illegal" action. She said that Krylov tried to "calm down" the striking miners and prevent them from taking "more decisive actions." She added that the miners are holding staff meetings in support of Krylov, claiming that, "they are ready to uphold his rights."

Thursday's trial was held at the Donetsk oblast administration and drew some 30 protesters who picketed the building carrying signs in support of workers committee members. Their picket action was organized by the Civil Congress of Ukraine and representatives of the Socialist and Communist parties.

Defendants, represented by lawyers of the Association of Miner Labor Collectives in Donetsk oblast, submitted a petition demanding to halt the court proceedings, because, in their opinion, cases on the liquidation of public organizations are outside the jurisdiction of the Court of Arbitration.

The court reached no decision on the petition and announced a recess until Monday.

Ukraine: Crimean MP's Propose Discussion on Constitution

LD0808183996 Moscow INTERFAX in English 1533 GMT 8 Aug 96

[FBIS Transcribed Text] Simferopol, August 8 (Interfax - Ukraine) — Thirty-five deputies of the Crimean Parliament have urged the Parliament Presidium to call an extraordinary session "to discuss the situation around adoption of the Ukrainian Constitution and take an adequate decision."

The Statement was signed by members of the deputy groups Respublika, Soyuz (Union), Rossiya-Yedinstvo (Russia-Unity) and the Republican Party of Crimea faction, Leader of the Republican Party of Crimea faction Serhiy Tsekov disclosed to newsmen today.

According to Crimean Parliament Regulations, 33 deputies' signatures are enough for calling an extraordinary session.

According to S. Tsekov, the ginger group is going to table at the session a draft resolution on conducting an all-Crimean referendum on the basic provisions of the Constitution of Ukraine and that of the Republic of Crimea.

The draft proposes that the Parliament of Crimea debate, before September 1, a draft statement of the Parliament of Crimea, expressing its attitude to the new Constitution of Ukraine, draft questions to be put on an all-Crimean referendum and a schedule of referendum-related events.

In addition, S. Tsekov said, it is proposed to put to vote the Crimean Parliament's draft Address to the Ukrainian President, the Parliament of Ukraine, the Organization for Security and Cooperation in Europe, the Council of Europe and the CIS, requesting that guarantees be provided for calling an all-Crimean referendum.

Belarus

Belarus: Lukashenka Departs for Moscow for Yeltsin Inauguration

WS0808140696 Minsk Radio Minsk Network in Belarusian 1200 GMT 8 Aug 96

[FBIS Translated Text] Belarusian President Alyaksandr Lukashenka has just flown off to Moscow to participate in ceremonies marking Boris Yeltsin's inauguration.

As is known, the solemn ceremonies connected with the Russian president's inauguration will take place tomorrow, in the State Kremlin Palace, and not on Sobornaya Square of the Kremlin. Such a resolution was adopted by Boris Yeltsin following a meeting with Anatoliy Chubays at the Kremlin. The latter persuaded the president that the Russian treasury would save a lot of money this way.

Belarusian President Alyaksandr Lukashenka intends to hold many meetings with Russia's leading statesmen on the eve of and after the inauguration.

Belarus: Lukashenka Holds Unscheduled Meeting With Chernomyrdin

WS0908073796 Minsk Radio Minsk Network in Belarusian 0700 GMT 9 Aug 96

[FBIS Translated Text] Issues of Belarusian-Russian cooperation were discussed on 8 August during Belarusian President Lukashenka's meeting with Russian Prime Minister Viktor Chernomyrdin. The meeting, which was not envisioned by the schedule of Alyaksandr Lukashenka's visit to Moscow, was held in the Russian Federation Government Office and was attended by Belarusian Ambassador to Russia Viktar Danilenka.

Immediately after returning from Moscow, the Belarusian leader will go to Brest, where he will hold a working meeting with Moscow Mayor Yuriy Luzhkov and St. Petersburg Mayor Anatoliy Yakovlev.

Belarus: Official on Possibility of U.S. Asylum for BPF Leaders

WS0908080796 Minsk BELAPAN in English 0710 GMT 9 Aug 96

[FBIS Transcribed Text] Minsk, 8 August — While considering the application by [Belarusian Popular Front leaders] Zyanon Paznyak and Syarhey Navumchyk for political asylum in the U.S., the U.S. Immigration and Naturalization Service filed an enquiry with the U.S. Department of State and other organizations about additional information, Ivan Antanovich, Belarusian Deputy Minister of Foreign Affairs, said during the August 8 news conference. Mr Antanovich added that there are concerns about the fact that the U.S. side has information that some Belarusian officials frankly voiced the necessity to "take up Paznyak." [as received] If information about what Paznyak said or what someone said against Paznyak during the last 5 years is purposefully collected, then "they may dig up all that they want," Mr Antanovich said.

According to him the fact that Paznyak and Navumchyk applied to the U.S. authorities with such a request, means that someone gave them a "positive prognosis" about the result, otherwise they would not have done so. Mr Antanovich also said that the matter is quite clear, including to the U.S. side, that is why it will hardly mean a lot of work for them to consider the application. "At present Paznyak and Navumchyk have no grounds which are usually required for political asylum in the U.S.," Mr Antanovich stressed. However, he added that if they returned to Belarus, such grounds might appear. In reply to the question whether the BPF leaders retain their Belarusian citizenship if the U.S. authorities grant political asylum, Mr Antanovich said, "Citizenship is neither retainable nor losable with the exception of the case when the country the citizens of which they are, denies citizenship. Neither our Constitution nor legislative norms make a provision for denying citizenship." In Mr Antanovich's opinion, the matter will not be of great importance because if Paznyak and Navumchyk do not want to return to the country at present, they are not likely to do so in a year.

Belarus: Parliamentary Speaker on Political Division of Powers

LD0808183096 Moscow INTERFAX in English 1511 GMT 8 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] We are finishing publishing fragments from Belarussian Parliament Chairman Semyon Sharetskiy's exclusive interview with Interfax.

[Begin recording] [Unidentified correspondent] How would you asses the president's idea of passing a decree on political stabilization?

[Sharetskiy] I don't think the current situation demands any additional decrees. There are no conflicting forces in Belarus that are preventing the president or government from performing their duties.

During the latest session of the Security Council and the Cabinet I asked what complaints the prime minister had against the laws. Prime Minister Chyhir said he had no complaints, which is natural, as we had coordinated all economic laws with him.

He also expressed the wish that the parliament coordinate with the Cabinet changes in the state budget for this year. That's what we shall do.

Lukashenka made no comments and did not ask any questions.

According to the Law on the Belarussian Parliament, the parliamentary session has been interrupted, which does not mean, however, that the parliament doesn't work. A plan is being drafted for the autumn session which is to concentrate on a series of economic laws. The plan has been coordinated with the Cabinet which has authorized its people to work with the deputies. We subsequently passed our proposals to the president. He is still to respond.

[Correspondent] What would you say about the president's idea of holding a referendum next autumn to consider a number of issues, including a new edition of the constitution?

[Sharetskiy] I wonder which rights the president still lacks? Not long ago, he described this constitution as a Tsar's constitution.

Moreover, Lukashenka was a member of the Constitutional Commission. All of the constitutional provisions were drafted with Lukashenka's direct participation, and when it was adopted, Lukashenka was pleased. He gave the oath to observe the constitution.

[Correspondent] How would you assess the Communist Party's proposal that an alternative draft of the constitution, envisaging the abolition of the presidency in Belarus, be submitted to the referendum?

[Sharetskiy] For a small state like Belarus, the presidential form of government, with the president's enormous powers, is hardly acceptable. A parliamentary form of government, in which the president, king, or queen perform purely representative functions, is more acceptable. They must act as the state leader but not be the head of the executive authority. The government should be led by a prime minister.

In my opinion, a presidency is needed in a country with a large population, and a large territory consisting of individual regions, such as the U.S. or Russia. Economic and cultural problems in such states are tackled at the regional level. At the same time, the president performs such functions as the insurance of the country's integrity and the development of global concepts of its development.

[Correspondent] Is the parliament proposing any initiatives on amending the constitution for creating a parliamentary republic? [Sharetskiy] The parliament would not have initiated anything if this referendum had not been imposed on it.

The parliament was ready to cooperate with the president and with the government and perform its functions of perfecting laws, and doing other constitutional work.

The parliament would welcome other branches of authority doing the same. But if the referendum is to take place, as the president is proposing, it must carry its cause to the end.

We still hope that a round-table conference will be held to determine our further movement. [end recording]

Belarus: Official Refutes Rumors on Referendum Propaganda Campaign

WS0908081296 Minsk BELAPAN in English
0710 GMT 9 Aug 96

[FBIS Transcribed Text] Minsk, 8 August — During a news conference held on August 8 at the Ministry of Foreign Affairs, Ivan Antanovich, Deputy Foreign Minister, refuted the rumor that a group had been formed at the Ministry to provide ideological backing for the referendum initiated by President Alyaksandr Lukashenka. "Such a group does not exist. However, you understand that should a referendum be announced in the country, the Ministry of Foreign Affairs will have to explain the essence of the referendum, intentions and the situation in the country to all the states with which we have normal diplomatic and friendly relations. We are not organizing a propagandistic backing," Mr Antanovich said. According to the rumor refuted by Mr Antanovich, a group led by him was to be formed at the foreign ministry to coordinate activities aimed at the explaining of the tasks and goals of the referendum. Among such activities the rumor named the sending of confidential letters to a number of foreign countries to state an assessment of the situation in the country and stress Belarus' faithfulness to the chosen way of reforms, respect for democratic values and the aspiration to observe international legal standards; the sending of official representatives of the Belarusian President to foreign countries to explain the tasks and goals of the referendum, the forming of a positive public opinion abroad about the referendum by publishing special pro- Lukashenka stories in influential Western publications such as FOREIGN AFFAIRS JOURNAL, THE ECONOMIST, FORTUNE MAGAZINE, SLAVIC REVIEW; the use of Internet, Minitel, INTERFAX, ITAR-TASS for the spread of propaganda information, the release of three 15-minute video films to be sent to European countries and the publication of Lukashenka's book titled "Belarus — Road to the Future." Mr Antanovich also expressed his attitude towards a rumor that $1 million and 500 million Belarusian rubles were expected to be allocated for the above-listed purposes, taking into consideration the high incomes of leading Western journalists and the high price of advertisements on television and in newspapers in foreign countries. "I know nothing about any additional million of dollars," Mr Antanovich said. "I am responsible for financial affairs at the Ministry of Foreign Affairs and I am answering you: If today we had a million dollars, we would have to immediately spend it on repairs to our buildings, on equipment for diplomatic representatives' work and so on. We do have ways to spend money. I do not know how it is possible today to throw a million dollars on the foreign media."

Belarus: Deputies Stage News Conference on Human Rights Violations

WS0908095096 Minsk BELAPAN in English 0710 GMT 9 Aug 96

[FBIS Transcribed Text] Minsk, 8 August — The state of affairs in the field of human rights is continuing to be worsened, Uladzimir Nistsyuk, Deputy Chairman of the parliamentary Committee on Human Rights, National Problems, the Media and Relations with Public Associations and Religious Organizations, and Yawhen Novikaw, the head of the Belarusian Human Rights League, stated at a news conference which was held in the Supreme Soviet on August 7. According to Mr Nistsyuk, "in our legislation there is still a lot of blank spaces." In his opinion, their elimination will be intensified owing to the necessity to unify legislations in Belarus and the Russian Federation. He informed those present that in the near future the Supreme Soviet would consider the question of introduction of the post of plenipotentiary for human rights in the country. Though MPs adhere to different opinions about this matter, Uladzimir Nistsyuk holds that such an institution is necessary in a law-ruled state. As Yawhen Novikaw stressed, a critical situation had been formed in the country in the economic field and a moral and political crisis is coming. He suggested that representatives of all branches of power should sit down to a negotiation table.

Moldova

Moldova: Sangheli Denies Pro-USSR Leanings

AU0808144196 Chisinau BASAPRESS in English 1930 GMT 7 Aug 96

[FBIS Transcribed Text] Chisinau 07/08/1996 (BASApress) — Premier Andrei Sangheli thinks the Chisinau-Tiraspol talks are obstructed by the presidential elections in Moldova and by the poll scheduled in Dniester.

In a press conference held Wednesday [7 August], the premier said constructive dialogue would resume in early 1997, but until then the "summits" would not significantly change the situation.

"The longer it takes to resolve the Dniester dispute, the higher the paid price will be," said the premier, underlining the Memorandum on principles of settlement of Chisinau-Tiraspol relations was practically signed by five important officials — the Chisinau president, speaker, and premier, on one side, and the Dniester leader and Parliament head on the other.

Sangheli said from now on everything depends on Snegur whether presidents Yeltsin and Kuchma would be persuaded to lay their signatures beneath the document.

Premier Sangheli said as a presidential candidate he did not favor integration within the CIS political structures, as it ran counter to the Moldovan Constitution.

Sangheli thinks "everybody feels nostalgic about the Soviet Union," but some hide it, and others display it. "As for me, I am aware of the fact that the USSR train ticket should be given to the museum," the cabinet head said.

Asked to comment on pro-Russian accusations brought to him by opposition circles, Sangheli said unlike the opposition, which can only launch criticism, he, as executive head, was responsible for supply of energy resources to the country. For lack of funds, Chisinau has to accept dependence on a single source of fuel, underlining that Russia practically credits the Moldovan economy, and the Chisinau authorities should take advantage of this.

Sangheli rejected embezzlement accusations, spread by Bucharest newspapers and reprinted by Chisinau media, stating he became the target of "a dirty political game," which should have started later on.

Sangheli thinks the reports were intended by his political opponents in Chisinau. The fact that the articles published by the Romanian media were immediately reprinted by Chisinau newspapers which are on unfriendly terms with the cabinet head serves as a proof.

Sangheli said he sued the publications which defamed him, adding "this shows where we should start bringing order into the country," specifying for the reporters he did not imply media, but the structures which intended this defamatory campaign.

Sangheli reiterated his previous statements that cereal harvesting is sabotaged, underlining that tensioning the situation, including by raising the question of pension and salary arrears, suits certain political forces.

The premier disapproved of any populist statements and actions and the cabinet commits itself to avoid the unfortunate experience of Russia which, according to a Moscow vice premier, emerged from the presidential elections in a shaky condition. Reviewing the results of the first quarter, Sangheli said economic decline stopped in several industries, in particular citing the 10 percent-increase in the number of housing, 2-14 percent-increase in animal husbandry, 30 percent-increase in exports.

Sangheli viewed as signs of economic stabilization the 12 percent-increase in people's real incomes, and savings of 295 million lei on bank accounts as of July 1, 1967 as against the 190 million lei in 1995.

Moldova: Pro-Snegur Civic Movement To Fight 'Neo-Communist' Forces

AU0808153796 Chisinau BASAPRESS in English 1930 GMT 7 Aug 96

[FBIS Transcribed Text] Chisinau 07/08/1996 (BASA-press) — The civic movement to support Mircea Snegur in presidential elections scheduled for November 17, 1996, held Wednesday [7 August] the first meeting. The movement encompasses 17 parties, organizations and associations, among which members of the Alliance of Democratic Forces (AFD), Christian Democratic People's Front, Party of Rebirth and Conciliation, Gagauz People's Party, Christian Democratic Peasants' Party.

A statement adopted today by the joint sitting of these parties says "to support Snegur means to support promotion of reforms, integration in Europe, fight against poverty, moral and spiritual degradation of the nation."

The signers view the support granted to Snegur as a measure required to "baffle the plans of the neo-communist forces which wish to take control over the presidency, as they did with the Parliament and cabinet."

AFD leader Mircea Rusu told BASA-press any party might join the movement, and its members would participate in drafting the electoral platform for the candidate. This is the first movement created to support a candidate for presidency.

Moldova: Speaker Denies Call for Unification With Romania

LD0808172496 Moscow INTERFAX in English 1511 GMT 8 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Parliament speaker Petr Lucinschi has denied allegations of calling for unification with Romania or reinstatement of the former Soviet Union.

In a statement in Chisinau on Wednesday, Lucinschi said some party representatives alleged he was in favor of unification with Romania and planning to carry this through if he was elected as president on November 17.

In this connection, the speaker said he had always stood for Moldovan independence and sovereignty.

Lucinschi denied having made any statement at home or abroad, which could be interpreted that he had doubts about the country's independence. "No one but Moldovans could decide on the future of their country," he said.

But the speaker also stressed that he was in favor of promoting friendly relations with all countries of the world, above all with Russia, Romania and Ukraine.

Kazakhstan

Kazakhstan: Kazakhstan Seeks New Investors To Revive Oilfields

MS0908105396 London FINANCIAL TIMES in English 9 Aug 96 p 5

[Report by Sander Thoenes: "Kazakhstan Opens Third Oil Producer to Foreign Investors"]

[FBIS Transcribed Text] Almaty — Kazakhstan is looking for investors to revive production at one of its largest oilfields just as two similar tenders have run into difficulties.

Ms Maira Nurbayeva, deputy projects director at the Kazakh oil and gas ministry, said three foreign oil companies were considering a bid on the Uzen field, 150km east of the Caspian Sea, with recoverable reserves of between 85m and 150m tonnes of crude.

Uzenmunaigaz, the state company which holds the licence to the field, is the third large Kazakh oil producer opened to foreign investors this year.

Negotiations on two other leading oil producers have hit snags, with talks on the purchase of Yuzhneftegaz stumbling this week and bids on Aktyubinskneft twice facing delays. Bids for Uzen are due on August 31. "Reserves are big but production is small," said Ms Nurbayeva. "This field has a lot of problems and requires large investments."

Uzenmunaigaz needed at least $800m investments to rehabilitate the most promising of the existing 4,000 wells. The World Bank in July approved a $109m loan to help reverse a decline in production at the field from 16m tonnes in 1976 to 2.7m in 1995.

The oil ministry has opposed the open privatisation tenders held for Yuzhneftegaz and Aktyubinskneft and opted for secret talks on Uzen. "We have not decided yet whether we want production-sharing, a joint venture or partnership," Ms Nurbayeva said. "We need serious money. Companies with only $20m to spare should not bother."

Only half the wells are open and many have equipment dating from when the field was developed in 1965. Uzenmunaigaz employs 13,000 people. The oil has a high wax content but is near a pipeline to Russia which promises to offer more room for Kazakh oil following agreement with Yukos, a Russian oil producer.

The tender for Yuzhneftegaz ran into difficulty this week shortly after Hurricane Hydrocarbons, a Canadian company, announced it had agreed the purchase. Hurricane shares rose 45 per cent after Tuesday's announcement but Kazakh officials said "serious issues" had yet to be solved.

Mr Bijan Sepasy, executive vice-president of the U.S.-Kazakh Business Council, said Kazakh officials had suddenly thrown up new obstacles and demanded new sums.

Mr Naurzhan Bygymbetov, deputy chairman of the State Property Committee which issued the tender, denied the committee had demanded extra cash but said the government differed with Hurricane on the payment schedule. Hurricane had been out-bid by Samson, a U.S. oil producer, but Samson dropped out last month.

Exxon and Texaco may bid on the Aktyubinskneft oil production association in north-west Kazakhstan but the bidding deadline has been delayed twice, until Sept 15, to encourage additional bidders.

The World Bank says Kazakhstan's oil-sector accounts for 22 per cent of the country's exports and has proven reserves of 2bn tonnes, with good prospects for finding as much in the Caspian Sea Basin. Production has dropped to 17m tonnes in 1996 but the bank predicts it will double before the year 2000, netting $800m a year.

"The thing that will turn the Kazakh oil industry around in the short run is not a western oil firm drilling new wells, but Kazakh oil companies rehabilitating old fields," said Mr Stephen O'Sullivan, a consultant for MC Securities.

Kazakhstan: Oil Ministry Says Talks With Iran Continuing

MM0808145696 Moscow IZVESTIYA in Russian 8 Aug 96 p 3

[Report by Vladimir Ardayev: "Will America Allow Kazakhstani Oil To Leak to Iran?"]

[FBIS Translated Text] Almaty — The Kazakhstani Oil and Gas Ministry has denied a report, disseminated by Western agencies citing ITAR-TASS, about the breakdown of talks between Iranian and Kazakhstani delegations on oil deliveries.

This report claimed that the talks had reached deadlock after the Iranian side stated that it did not intend to finance the shipment of oil from Iran to Kazakhstan and that it was prepared to discuss only oil barter questions. After which the talks between the delegations were allegedly suspended. This had also been linked to political motives — the U.S-announced intensification of the embargo against so-called "terrorist" countries, into which category Iran is known to fall.

The Kazakhstani Oil and Gas Ministry's Foreign Economic Relations Administration stated that it did not know what sources the report's authors had used. The Iranian delegation actually arrived in Almaty Tuesday 6 August in order to begin the next day the second stage of talks, now being conducted at the level of experts, who are discussing the details of future documents.

The idea of exchanging oil with Iran has been around in Kazakhstan since 1992. But this idea was greeted less than ecstatically by both official U.S. circles and the Chevron corporation, which is carrying out oil extraction in the North Caspian region jointly with Kazakhstan, so nothing has been said about it for a while.

At the end of last year, during the jubilee UN session, the Kazakhstani president met with U.S. official and business circles. In particular, Kazakhstani Oil and Gas Minister Nurlan Balgimbayev said that he had a meeting with U.S. Vice President Al Gore, who promised Nazarbayev help in granting Chevron the exclusive right to temporarily sell Iran some of the oil extracted from the Tengiz and Korolevskiy deposits, using Kazakhstan as an intermediary — that is, bypassing the existing embargo.

The story remains the same: Kazakhstani oil is being delivered to northern Iran in exchange for a quota in the Persian Gulf. True, on this occasion it is a question not of constructing a pipeline but of tanker deliveries, which in Caspian conditions also appear to be extremely problematical. According to Balgimbayev a barter volume of 5 million tonnes of oil a year is being preliminarily discussed.

Now that the United States has announced the intensification of measures against "terrorist" countries, the oil exchange agreement between Kazakhstan and Iran is again in doubt. But the bilateral talks are continuing.

Tajikistan

Tajikistan: President Leaves for Moscow, Yeltsin Inauguration

LD0808135296 Dushanbe KHOVAR in Russian 1000 GMT 8 Aug 96

[FBIS Translated Text] A state delegation led by President Emomali Rakhmanov of Tajikistan left for Moscow today to take part in the Russian president's inauguration ceremony.

The delegation was seen off at Dushanbe airport by Safarali Rajabov, chairman of the Supreme Assembly; Prime Minister Yahyo Azimov; Dushanbe Mayor Mahmadsaid Ubaydulloyev; and other officials.

Tajikistan: Government Increases Russian Guards Around Capital

LD0908111196 (Clandestine) Voice of Free Tajikistan in Uzbek 0300 GMT 9 Aug 96

[FBIS Translated Text] The Tajik Government has increased the number of control entry posts around Dushanbe, that is, at every entrance into the city. According to reports, the regime's police will henceforth guard the posts in conjunction with servicemen of the Russian 201st Motorized Rifle Division. The Government leadership is planning to double the number of posts around the city after spreading rumors about an attack by the opposition forces, the reports say.

Tajikistan: News Conference Hears Details of Former Premier's Crimes

LD0908082996 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 8 Aug 96

[FBIS Translated Text] A news conference was held for local and foreign correspondents at Tajikistan's republican prosecutor's office yesterday. Abdulhasanov, head of the serious crimes investigation department at the republican prosecutor's office, and his deputies Qurbonov and Alamov and the senior serious crimes investigator [words indistinct], told the journalists that the news conference would be devoted to the activity of former prime minister of Tajikistan Abdumalik Abdullajonov.

They pointed out that nobody in Tajikistan has forgotten the articles entitled "The Whale of the Republic" and "Continuation of the Story about the Whale of the Republic" [Tajiks call money grabbers whales]. After these articles appeared in the press, the republican prosecutor's office investigation established that in the single year that Abdullajonov held the post of prime minister, about 80,000 tonnes of cotton fiber, 11,200 tonnes of aluminum, 47 tonnes of soap, 43 various kinds of vehicle, one aircraft, 115 items of stone cutting equipment, 108 transformers, and other necessities were sent abroad through Abdullojonov's accomplices in order to line their own pockets.

Between 1 October 1991 and 1 January 1994, 61,522 tonnes of cotton, with a total value of $75,161,000, were exported on Abdullajonov's direct instructions through the (?Kono) joint venture. In place of these exports, the joint venture delivered equipment to the value of only $12 million. Nobody but Abdullajonov knows what happened to the $35 million which have not been repaid to the country. The republican prosecutor's office thoroughly investigated the property of Abdullajonov's family and on 31 January 1996 made the decision to arrest [Abdullajonov] as soon as possible. He must answer for his crimes before the law, but Abdullajonov does not want to testify.

We are ready to cooperate with advocates and investigators of all democratic countries of the world in order to settle the Abdullajonov criminal case and to hand over the investigation's decision to an international court, said officials of the republic's prosecutor's office.

Correspondents questions were answered at the end of the news conference.

Uzbekistan

Uzbekistan: President Says Russia Will Flourish Under Yeltsin

LD0808193696 Moscow INTERFAX in English 1825 GMT 8 Aug 96

[FBIS Transcribed Text] TASHKENT, August 8 (Interfax) — Uzbekistan believes that a Russia led by Boris Yeltsin will strengthen and develop as a democratic law-governed state that cherishes the independence and freedom of other countries as much as its own, Uzbek President Islam Karimov told the Tashkent press Thursday before departure for Yeltsin's inauguration ceremony.

"For many years Uzbekistan and Russia lived in friendship and accord, went through hardships and joys together. And we think highly of Russia as an independent strong state and appreciate the friendliness of the Russian people," Karimov said.

Uzbekistan wants to see Russia as a free and prosperous country cooperating on an equal footing with all CIS countries, including Central Asian states, he said.

He recalled that before the Russian elections he clearly spoke in support of Yeltsin "because the other candidates intended to return Russia to the old Soviet regime."

Karimov wished Yeltsin good health and expressed readiness to cooperate with him as an outstanding statesman.

Uzbekistan: President Issues Amnesty Decree

LD0908084196 Tashkent NARODNOYE SLOVO in Russian 8 Aug 96 p 1

[FBIS Translated Text] Decree by the president of Uzbekistan on an amnesty in connection with the 5th anniversary of the proclamation of independence in the Republic of Uzbekistan: In connection with the 5th anniversary of independence of the Republic of Uzbekistan, and guided by humanitarian principles, under paragraph 20, article 93 of the Constitution of of Uzbekistan, I decree:

1. The following categories of convicted persons are to be released from punishment in the form of imprisonment, and also from punishment not involving imprisonment:

a) participants in the Second World War and persons with equivalent status, as well as persons who took part in dealing with the consequences of the disaster at the Chernobyl nuclear power station;
b) women and minors;
c) men over 60;
d) first- and second-degree invalids.

2. Persons sentenced to imprisonment for a term of up to three years inclusive, on a first offense, and also persons sentenced to other punishments not involving imprisonment, are to be released from punishment.

3. Persons sentenced to imprisonment to a term of up to five years inclusive, on a first offense, and who have served at least one third of their terms are to be released from punishment.

4. People sentenced to imprisonment for a term of up to 10 years inclusive for committing crimes of negligence and who have served at least half of their terms are to be released from punishment.

5. All cases of crimes under investigation and cases not considered by courts relating to crimes committed before the present decree came into force by the following categories of persons are to be suspended:

a) by persons listed in article 1 who do not fall within the category in article 7 of this decree:
b) by persons who committed crimes that do not present any great public danger.

6. Persons who are not due for release under this decree are to have the remaining term of their sentence reduced:

a) by half, for those convicted of a premeditated crime, as a first offense, and sentenced to a term of up to five years imprisonment inclusive, and also for those who committed crimes due to negligence;
b) by one quarter, for those convicted of a premeditated crime and sentenced to a term more than five years.

7. Articles 1-5 of the present decree do not apply to those convicted of especially serious crimes (with the exception of persons convicted under paragraph A, part 4 of article 167 of the Criminal Code), of crimes committed as a member of organized criminal groups, of crimes involving firearms or the sale of narcotic substances, and to especially dangerous recidivists, nor does it apply to those who persistently violate the terms of their sentence.

The reduction of the punishment stipulated in the article 6 of the present decree, is not to be applied those who persistently violate the terms of their sentence.

8. The decree comes into force from the date it is published and is to be executed within four months.

[Signed] President of the Republic of Uzbekistan I. Karimov
[Date] Tashkent, 7 August 1996.

Armenia

Armenia: IMF Delegation Visits Armenian Treasury

NC0808202296 Yerevan NOYAN TAPAN in English 1730 GMT 8 Aug 96

[FBIS Transcribed Text] Yerevan, August 8 (NOYAN TAPAN)—IMF's delegation visited Wednesday [7 August] the Central Treasury of Armenia.

Treasury started operating on July 1 and already has some 40 local departments on the whole territory of Armenia. According to Minister of Finance Levon Barkhudaryan, this system of managing state finances is much more fruitful. Unlike the previous system, when budget establishments received and managed money by their own, under new conditions budget expenditures will be more centralized, there will be stronger control over them and the distribution will be carried out more equally. According to Barkhudaryan, Treasury will enable to economically use finances.

Levon Barkhudaryan said that new system will be organized on the basis of a computer net through assistance of WB [World Bank].

Treasury's activity will have a certain impact on the Republic's banking system. According to him, presently Treasury serves Armimpexbank, Armagrobank and Ardshinbank. "It is natural that Treasury will deal with the most reliable banks, since state finances require a minimum of risk", Levon Barkhudaryan said.

Armenia: IMF Delegation Content With Economic Reform in Armenia

NC0808141196 Yerevan NOYAN TAPAN in English 0951 GMT 8 Aug 96

[FBIS Transcribed Text] Yerevan, August 7 (NOYAN TAPAN)—IMF delegation is content with economic reformation in Armenia. "We are convinced now that Armenia's economic growth constituted 4 percent, and inflation — 2-3 percent", Head of IMF delegation, Deputy Chairman of IMF's Second European Department Tanas Katsambas said Wednesday [7 August] at a press-conference.

Mr. Katsambas said that in October it is planned to provide Armenia with $25,000,000 within the framework of ISAF credit (the second tranche of this credit). The rest parts of ISAF credit — $50,000,000 each will be provided in 1997 and 1998.

According to Mr. Katsambas says that Armenia's economic program is successfully realized. In particular, he mentioned achievements of Central Bank and Ministry of Finance in field of co-ordination of financial policy and emphasized the importance of opening Treasury, adopting of several laws on banks etc. At the same time, Mr. Katsambas expressed concern over the fact that industrial enterprises do not fulfill their duties before the budget and that very few credits are provided for the development of the market. According to him, a negative balance in the foreign trade also arises anxiety. He said that changes in production of industrial enterprises are needed to increase export volumes.

Mr. Katsambas noted that Armenian Government achieved great successes in privatizing small enterprises. The success in privatization of big enterprises is less than expected, "however, IMF expects better results from it".

Armenia: President Ratifies Russian Disaster Cooperation Agreement

LD0808173496 Moscow INTERFAX in English 1511 GMT 8 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Armenian President Levon Ter-Petrosyan has ratified the Armenian-Russian intergovernment agreement on cooperation for preventing industrial accidents and natural disasters and dealing with their effects signed two years ago, Shagen Avakyan, director of the Armenian Foreign Ministry's legal department, told Interfax on Wednesday.

He explained the gap between the date of the agreement's signing and the date of its ratification by saying that "the procedure for the ratification of international treaties and agreements has only recently been worked out."

In line with the procedure, "all documents signed by Armenia need to be considered by the country's Constitutional Court," Avakyan said.

The Russian side ratified the agreement in May 1996, the press service of the Armenian Department for Emergency Situations told Interfax.

The agreement envisages joint monitoring of dangerous man-induced and natural processes, their assessment, and forecasting.

The agreement also provides for joint dealing with the effects of man-induced and natural developments.

Under the agreement, Armenian and Russian experts will carry out joint exercises and scientific research, exchange information regarding emergency situations, and experts dealing with emergencies.

In October 1994 and June 1995 Armenia provided humanitarian aid to residents of Russia's Kuril and Sakhalin islands affected by devastating earthquakes.

Armenia: Ter-Petrosyan Leaves for Yeltsin Inauguration

NC0808200596 Yerevan NOYAN TAPAN in English 1733 GMT 8 Aug 96

[FBIS Transcribed Text] Yerevan, August 8 (NOYAN TAPAN)— Armenia's President Levon Ter-Petrosyan left Thursday [8 August] for Moscow where he will be attending the ceremony of inauguration of Russia's President Boris Yeltsin.

Azerbaijan

Azerbaijan: Aliyev on Plans To Meet Chernomyrdin in Moscow

NC0808131396 Baku TURAN in English 0651 GMT 8 Aug 96

[FBIS Transcribed Text] BAKU/07.08.96/TURAN— "The reason of my visit to Moscow is not only participation in inauguration of the president Boris Yeltsin. I am going to have talks with the Premier Viktor Chernomyrdin,"—president Geydar Aliyev told today before leaving for Moscow.

According to him, the main subject of his talks with Chernomyrdin will be the question on de-blocking of routs between Russia and Azerbaijan. A second important question—is discussing of the ways of settlement of the Armenian-Azeri conflict, Aliyev said. The president does not exclude that he could meet with the president of Armenia there.

Commenting on the relations with Russia Aliyev said: "It is not right to think that Azerbaijan can be isolated from Russia. We are going to intensify our relations in the economics and other spheres," the president said.

Azerbaijan: Gasanov Receives OSCE Minsk Group's German Representative

NC0808164296 Baku TURAN in English 1418 GMT 8 Aug 96

[FBIS Transcribed Text] Baku/08.08.96/TURAN— Today Foreign Minister of Azerbaijan Gasan Gasanov received representative of Germany to the OSCE Minsk group Frank Lambach. The sides exchanged opinions on the international efforts for the resolution of the Armenian-Azeri conflict. In this respect Frank Lambach noted that the conflict should be resolved on the basis of principles of territorial integrity and inviolability of the borders. Concerning the status of Nagorno-Karabakh, representative of Germany noted that "members of the OSCE Minsk group consider this status should be lower than the status of the independent state."

Gasan Gasanov thanked the representative of Bonn for confirmation of the priority of the principles of territorial integrity and inviolability of frontiers and agreed to the treatment of the phrase "broad autonomy." According to Hasanov, one of the co-chairmen of the Minsk Group tried to usurp the initiative in the resolution of the conflict "he often wrote and submitted documents on behalf of everybody." Head of the Foreign Ministry assesses the position of Lambach as an attempt to democratize the Minsk process.

Frank Lambach noted that the present balance testifies it is time to resolve the problem. On his opinion, something must be changed in the process of resolution. "Our task is to find out in time and to make these changes," the German envoy said. Touching on the subject on compromises, Lambach noted that the sides could accept compromises under the condition of internal stability. The main thing in any resolution adopted by the sides is a principle of state sovereignty and territorial integrity, Frank Lambach said.

Azerbaijan: German OSCE Envoy on Nagorno Karabakh Settlement

LD0808145396 Moscow INTERFAX in English 1332 GMT 8 Aug 96

[FBIS Transcribed Text] BAKU, Aug 8 (Interfax) — Germany believes that an Armenian-Azerbaijani settlement should be based on the principles of state sovereignty and territorial integrity, the German member of the OSCE Minsk Group for Nagorno-Karabakh, Frank Lambach, told Azerbaijani Foreign Minister Gasan Gasanov in Baku Thursday.

Germany believes that the future status of the self-proclaimed Nagorno-Karabakh republic should be lower than that of an independent state, Lambach said.

Gasanov was confident that Germany's active participation in the work of the Minsk group will step up Nagorno-Karabakh settlement.

Thereafter the meeting continued behind closed doors.

Georgia

Georgia: Foreign Ministry Issues Statement on Military Exercises

LD0808152896 Tbilisi SAKINFORM in Russian 1330 GMT 8 Aug 96

[FBIS Translated Text] The Georgian Ministry of Foreign Affairs has made a statement in connection with

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field exercises conducted by the Georgian Defense Ministry detachments in Senaki District on 6-7 August. The statement says, in particular: "The military exercises, which generally are the approved and most useful means of developing an army, have been conducted in line with planned and consistent building of the Georgian Armed Forces. In addition, the exercises conducted in western Georgia have had an objective to assure the local population of the region, as well as refugees from Abkhazia residing temporarily in the area, that the Georgian Army is capable of safeguarding their security and ensuring the defense potential of the country. This has a major significance at the moment because no agreement has been reached so far on the introduction of changes in the mandate of the [Russian] peacekeeping forces as proposed by the Georgia side, which may eventually lead to raising the issue of withdrawing the forces from the conflict zone."

Georgia: Prosecutor's Office Asks Moscow To Extradite 'Terrorist'

LD0908090796 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1345 GMT 8 Aug 96

[FBIS Translated Text] Tbilisi — The Georgian Prosecutor's Office made a statement on 7 August regarding a fresh wave of acute concern over the whereabouts of terrorist Igor Giorgadze [former Georgian security chief].

The document said in particular:

"Giving shelter to a terrorist is unacceptable politically and deplorable morally regardless of what country does it. An action like this goes beyond the framework of commitments taken by eight leading states of the world recently.

"In the light of the above, the fate of Giorgadze and a group of terrorists linked with him should be considered as actually decided [as heard].

"If this is not the case, the security of the Georgian president at high-level meetings in Moscow and other Russian cities can be endangered.

"The Georgian Prosecutor's Office, which promptly handed over appropriate documents to the Russian counterparts, expresses confidence that the authorities of fraternal Russia will make the only right, although late, decision."

Georgia: Georgian Demands Taken Into Account in Talks on Abkhazia

LD0908092296 Tbilisi Radio Tbilisi Network in Georgian 0700 GMT 9 Aug 96

[FBIS Translated Text] Certain results were achieved in Moscow yesterday [8 August] with regard to the peacekeepers' mandate [in the conflict zone in Abkhazia]. Vazha Lortkipanidze, ambassador extraordinary and plenipotentiary of Georgia to the Russian Federation, reports that the Georgian side's demands on the expansion of peacekeeping operations in the whole of Gali District within its original borders, was, on the whole, taken into consideration along with the demand that the peacekeepers' functions in the whole of the territory [of Gali District] be expanded. These functions are, in affect, policing functions.

Thus, Vazha Lortkipanidze said, one can presume that the demands which we thought had to be fulfilled for the extension of the peacekeepers' mandate, have been met. These changes will allow the peacekeeping forces to provide the security of the refugees' return.

Vazha Lortkipanidze added that the amendments to the mandate do not mean that the refugees' return will follow automatically as the mandate is not the document which defines the commencement of the process of the refugees' return but it [the mandate] only gives powers to the peacekeepers to secure the refugees' safe return. In our opinion this is a step forward as this creates much better conditions for the refugees' realistic return. Taking into considerations the above agreements, the Russian Federation Council allowed the Russian peacekeeping forces to remain in the region for several more months.

Lithuania

Lithuania: Skele, Swedish Counterpart Discuss Regional Security

LD0808170196 Moscow INTERFAX in English 1511 GMT 8 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Regional security was the theme of a telephone conversation on Wednesday between Prime Minister Andris Skele and his Swedish counterpart Goran Persson who is back after a visit to the United States, a government spokesman said. IF NOTE: The leaders of the three Baltic states meeting before Persson's visit to Washington had agreed that Stockholm could alone act as a guarantor of regional security in the present situation. Skele had asked the Swedish leader to try to persuade U.S. President Bill Clinton about the need to speed up the Balts' integration into NATO. He said that efforts were also needed on the part of neutral Sweden to help towards a possible NATO enlargement.

For his part, Persson told Skele that a comprehensive solution must be found to regional security matters together with Russia, because Sweden was unable to guarantee the security of the Balts on its own.

He said U.S. special envoy Richard Holbrooke had agreed to take part in activities by the Baltic Cooperation Council being set up on Persson's initiative.

This, he says, will make a positive impact the prospects of regional security. Persson said the question of any NATO enlargement was not America's business alone and therefore, the dialogue on Baltic security must be held with all NATO member states, including Germany.

Lithuania: Diplomat Hopeful of Swedish Premier-Clinton Meeting

LD0608143596 Vilnius Radio Vilnius Network in Lithuanian 1300 GMT 6 Aug 96

[FBIS Translated Text] Lithuania hopes that the meeting of American President Bill Clinton and Swedish Prime Minister Goeran Persson will contribute to Lithuania's involvement in the process of NATO enlargement. Although it is not a NATO member, neighboring Sweden realizes the necessity of the Baltic countries' membership in NATO, and the opinion of Swedish politicians is important to the leaders of the United States, a high-ranking official of the Lithuanian Ministry of Foreign Affairs told the BALTIC NEWS SERVICE.

The Swedish prime minister and the President of the United States will be meeting in Washington D.C. later today. They will discuss security problems of the Baltic region. Before the visit to the United States, the Swedish prime minister rejected a possibility for Sweden to become a guarantor of security in the Baltic region. Meanwhile, the Swedish Government expressed its support to the efforts of the Baltic countries aimed at joining NATO.

Lithuania is not interested in any alternatives to NATO which are being proposed to her; nor is she interested in any alternative security guarantees, proposed by the United States or NATO, the Lithuanian diplomat said. The important thing is to start a process of enlargement of the already existing organizations, NATO and the European Union, with countries which expressed their wish to become members of these organizations participating in this process, the official said. He expressed a hope that the Baltic countries will not be the price that the West pays for admitting central European countries, first and foremost Poland, the Czech Republic, and Hungary, into NATO.

Commenting on the proposals to speed up the expansion of the European Union and delay the admission of the new member countries to NATO, the diplomat noted that these processes should compliment each other and that the central European and Baltic countries should be part of these processes. At the same time, the diplomat spoke in favor of the development of special NATO relations with Russia and Ukraine and noted the necessity for prospective NATO members not only to contribute to these processes but also to develop good bilateral relations with those countries.

Lithuania: Gylys, Swedish Foreign Minister View Persson's U.S. Visit

WS0908094896 Vilnius ELTA in English 1628 GMT 8 Aug 96

[From "News Bulletin" No. 1071]

[FBIS Transcribed Text] Vilnius, August 8 (ELTA) — Lithuanian Foreign Minister Povilas Gylys received a telephone call from Swedish Foreign Minister Lena Hjelm-Wallen on Thursday.

Wallen informed Gylys about the results of a meeting between Swedish Prime Minister Goeran Persson and US President Bill Clinton.

The Swedish foreign minister said the above-mentioned meeting discussed Baltic region security, bilateral and regional Baltic Sea issues, expansion of NATO and EU, as well as promotion of a dialogue with Russia.

During the meeting Persson noted it was very important to start negotiations for EU membership with all associated EU countries simultaneously. He asked President

Clinton to support this position at the meeting with other EU leaders.

The meeting emphasized that NATO expansion was not to create a security vacuum, but, on the contrary, increase security and stability in the Baltic region.

Lithuania: Vilnius Against Invention of Alternative to NATO

LD0808184196 Moscow INTERFAX in English 1554 GMT 8 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] VILNIUS, Aug 8 (Interfax) — The creation of new security systems in the Baltic region would be inexpedient, a Lithuanian Foreign Ministry official told Interfax in Vilnius Thursday.

"Lithuania's position on this issue is firm: NATO ensures security and stability in Europe and does not need any replacement," department chief Vygaudas Usackas said.

"Now the main goal is to ensure the NATO enlargement and the admission of new democratic states of Europe, including the Baltic states," he said.

At the same time, "it is important to ensure that the alliance remains open for a profound and intensive dialogue with such countries as Russia and Ukraine," he underlined.

Being involved in the enlargement of NATO and the European Union, Lithuania is interested in keeping favorable relations with all neighboring countries, above all Russia, Belarus, Poland and Latvia, Usackas said.

Speaking on the media reports about Sweden's readiness to assume the role of guarantor of the Baltic states' security, Usackas said, "There already are such reliable institutions dealing with European security as the North-Atlantic alliance, West European Union, etc. In this situation, there is no need to invent any alternatives.

"Any new initiative may be justified only if it aims to promote the achievement of NATO membership by Lithuania and other interested European countries, as well as to ensure the understanding of these processes in Russia, Belarus and other states," Usackas said.

Lithuania: Skele Pledges To Achieve Economic Stability

LD0808172296 Moscow INTERFAX in English 1511 GMT 8 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Prime Minister Andris Skele has pledged to ensure a sustained economic development of the country.

In a program leading up next July he unveiled on Thursday, the prime minister listed off 43 priorities his government must resolve over the next 12 months.

This must be seen as part of the government declaration of what it is going to do while in office, Skele said.

"My main goal is to ensure a stable and irreversible economic development as a longer-term prospect, which will guarantee at least a 5% annual growth of GDP," he said.

Skele says this will help lay the basis for higher living standards, national security and democracy and the country's integration into the European Union.

Financial stabilization and financial improvement aimed to cut interest rates is seen as one other key priority.

The program says the drawing up of a deficit-free budget for 1997 and tighter financial controls is part of this process.

Other measures include a 10% cut in the public sector, a database of taxpayers, combatting unemployment and ratification of the agricultural agreement between the Baltic states.

Most of the economy-related tasks cover industrial development, better tax collection and an improvement in the work of credit agencies and the process of privatization.

Setting new conditions for the country's entry into NATO and the European Union is also mentioned as a priority.

In this connection, Skele called for bringing Latvian legislation, including industrial legislation, into line with the EU's.

The program sets the task of forming a Baltic common market by early 1998, including the customs union of Latvia, Lithuania and Estonia and promotion of a free flow of labor and capital.

Skele says settling border dispute with neighboring states is a vital condition.

On the domestic front, he believes it necessary to start the process of unification of local governments next year.

In a late Wednesday speech on national television, the prime minister admitted to the government's failure to halt falling living standards because of government inefficiency.

He attacked cabinet members for incompetence and party leanings.

"It is unacceptable when a minister does not discharge his duties because his party has a different view on the issue in hand. Nor is it acceptable when I have to fuss over some ministers or do their job myself because the parties concerned are unable to find competent people amid their ranks. This sort of practice must be discontinued," Skele said.

He said the Latvian government was one of the most unwieldy governments in Europe, with many of the posts being created because of political ambitions rather than sensible considerations.

Skele said although the number of ministries was cut from 29 to 27, this stands no comparison with Finland, Estonia or Iceland which have 18, 15 and 10 ministers each, while Switzerland has 7 ministers, including the prime minister and his deputy.

"I do not speak at all of such a luxury as a two-tier system of self-rule whose expediency is defended by those who have a good salary, a car and a female secretary owing to the system," he said.

He says an improvement of the political climate in the management system is a matter of life and death to Latvia as a state. And he called on voters to follow closely the actions by politicians long before general elections.

On the cabinet's showing in the past seven months, the prime minister also said that a groundwork was being slowly laid down for a successful development of the economic and the Latvian state itself.

He spoke of increased government revenues, which were in excess of planned targets. If the trend persists, he said the budget deficit could be narrowed to 40 million lats, not 60 million as planned before ($1 equals 0.546 lats).

Skele said that when the government took in charge, the official deficit stood at 90 million lats but ran at 120 million in fact.

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